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May 1997

# EARNED INCOME CREDIT

## Claimants' Credit Participation and Income Patterns, Tax Years 1990 Through 1994



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**General Government Division**

B-272879

May 16, 1997

The Honorable William V. Roth, Jr.  
Chairman, Committee on Finance  
United States Senate

Dear Mr. Chairman:

This report responds to your continuing interest in the Earned Income Credit (EIC)—a refundable tax credit available to low-income, working taxpayers. As you requested, this report presents data on EIC participation and income for EIC claimants that we tracked over a 5-year period. Specifically, we analyzed, for tax years 1990 through 1994, EIC claimants' patterns of claiming the credit, changes in their income in the years following an EIC claim, and their income and filing status after leaving the EIC. We also estimated the number of 1994 claimants of the EIC for families with children who would and would not have been eligible for the credit in 1994 if the 1990 maximum income limit was still in effect.

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**Background**

The EIC is a refundable tax credit available to low-income, working taxpayers. Congress established the EIC in 1975 to achieve two long-term objectives: (1) to offset the impact of Social Security taxes on low-income families and (2) to encourage low-income families to seek employment rather than welfare.

EIC eligibility depends on taxpayers' amount of earned income<sup>1</sup> or, in some cases, adjusted gross income (AGI).<sup>2</sup> Credit amounts depend on the number of qualifying children who meet age, relationship, and residency tests. The credit gradually increases with increasing income (the phase-in range), plateaus at a maximum amount (the plateau range), and then gradually decreases until it reaches zero (the phase-out range). Taxpayers with earned income or AGI exceeding the maximum qualifying income level are not eligible for the credit. Taxpayers with AGI falling in the credit's

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<sup>1</sup>Earned income for calculating the EIC includes both taxable and nontaxable earned income. For the EIC, taxable earned income includes (1) wages, salaries, and tips; (2) union strike benefits; (3) long-term disability benefits received prior to minimum retirement age; and (4) net earnings from self-employment. Nontaxable earned income includes (1) voluntary salary deferral such as 401(k) plans or the federal thrift savings plan, (2) pay earned in a combat zone, (3) basic quarter and subsistence allowances from the U.S. military, (4) housing allowances or rental value of a parsonage for the clergy, and (5) excludable dependent care benefits.

<sup>2</sup>In addition to taxpayers' taxable earned income, AGI includes their taxable income from other sources such as investments, alimony, and unemployment compensation. Beginning in tax year 1996, taxpayers are to use a newly defined "modified AGI" to determine EIC eligibility and to calculate the credit (see app. I for a definition of modified AGI).

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phase-out range are to receive the lesser amount resulting from using their earned income or AGI in calculating the credit.

During the 5 tax years covered by our analysis, EIC coverage and benefit rules were modified twice—in 1990 and again in 1993. In the 1990 Omnibus Budget Reconciliation Act (OBRA), Congress made two major changes to the EIC that took effect in tax year 1991. These changes (1) adjusted the credit structure to grant different credit amounts to taxpayers with one qualifying child and taxpayers with two or more qualifying children and (2) added two supplemental credits—one for taxpayers with a child under 1 year of age and another for taxpayers who paid health insurance premiums on policies covering their children. OBRA 1990 also allowed taxpayers with a filing status of single to claim the credit and specified a general increase in credit rates that was to be phased-in over a 4-year period (the planned increase for 1994, however, was superseded by 1993 legislation).

OBRA 1993 made two changes in the credit's structure that went into effect in tax year 1994. First, to simplify EIC filing, the act repealed the supplemental young child and health insurance credits. Second, the act expanded EIC eligibility to include certain taxpayers without qualifying children or "childless adults."<sup>3</sup> OBRA 1993 also increased, over a 3-year period beginning in tax year 1994, the maximum credit for families with children.

The maximum basic credit amount for EIC families with two or more children was \$953 in tax year 1990, \$1,511 in tax year 1993 (reflecting OBRA 1990), and \$2,528 in tax year 1994 (reflecting OBRA 1993). The maximum credit for childless adults in tax year 1994 was \$306.

Congress made three additional changes to the EIC in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. First, beginning with tax year 1996 returns, the act makes taxpayers with certain investment income greater than \$2,200 ineligible for the EIC, regardless of their earned income or AGI. Second, the act created a "modified AGI" to be used in calculating the credit. Modified AGI disregards certain losses from

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<sup>3</sup>These taxpayers may, in fact, be noncustodial parents or may live with a child who, for some reason, cannot be claimed as an EIC qualifying child. Throughout the report, however, we refer to this group of EIC claimants as "childless adults" as a simple means to distinguish them from EIC claimants who have one or more qualifying children. We refer to this latter group as "EIC families with children."

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investments and businesses. And third, the act denies the EIC to filers without valid Social Security Numbers (SSN).<sup>4</sup>

Appendix I contains a more detailed discussion of EIC eligibility and credit calculation rules for tax years 1990 through 1994—the years included in our analysis—as well as for tax years 1995 and 1996.

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## Results in Brief

From tax year 1990 through tax year 1994, 27.3 million taxpayers claimed the EIC for families with children, at least once.<sup>5</sup> They made a total of 69 million claims totaling \$73 billion (in 1996 dollars). About two-thirds of these taxpayers claimed the credit at least twice during the 5-year period, and about half claimed it in 3 or more of the 5 years.

To better understand taxpayers' patterns of claiming the EIC, we separately tracked tax year 1990 through 1993 claimants in the years following their claims (up to and including tax year 1994) and averaged the results.<sup>6</sup> Most EIC claimants, on average, took the credit at least one more time. In the 2 years following a claim, for example, about three-quarters of claimants took the credit in at least 1 of the 2 years while the remaining one-quarter did not claim the credit in either of the 2 years. Not only did most taxpayers who claimed the EIC do so more than once, but many took the credit several years in a row. On average, about half of the claimants in a year took the credit in each of the next 2 years (that is, for at least 3 consecutive years).

Congress designed the EIC, in part, as an incentive for low-income taxpayers to find and keep jobs rather than relying on welfare. We estimated the proportion of EIC claimants who continued to file tax returns, as a proxy for continued participation in the workforce. Using income categories related to the EIC phase-in, plateau, and phase-out

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<sup>4</sup>Taxpayers were already required to provide valid SSNs for qualifying children.

<sup>5</sup>Beginning in tax year 1994, the EIC was extended to low-income, working taxpayers who do not have a child meeting the criteria for an EIC qualifying child. About 4.7 million taxpayers claimed this type of EIC in tax year 1994, 600,000 (confidence interval  $\pm$  18 percent) of whom had claimed the EIC for families with children at some point between tax years 1990 and 1993. These 600,000 taxpayers are included in the 27.3 million figure.

<sup>6</sup>Throughout this report, we present average percentages for 1, 2, 3, and 4 years after a claim. Because our data included only tax years 1990 through 1994, however, the basis for each estimate is different. The estimates for the first year after a claim are averages based on 53.6 million claims made in tax years 1990 through 1993; estimates for the second year after are averages based on 39.1 million claims made in tax years 1990 through 1992; estimates for the third year after are averages based on 25.5 million claims made in tax years 1990 and 1991; and estimates for the fourth year after are based only on 12.1 million tax year 1990 claims.

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ranges, we also estimated the extent to which claimants reported higher or lower income in later years.<sup>7</sup> We found that most EIC claimants continued to file a return over the 4 years following a claim—91 percent filed a return in the first year, and 82 percent did so in the fourth year. On average, in the first and fourth years after a claim, respectively, 25 and 36 percent of claimants reported higher income while 21 and 29 percent reported lower income or did not file a return.

When we tracked taxpayers who at some point stopped claiming the EIC, we found that most filed a return in the first and second consecutive years of not claiming the credit, but about one-third did not. Among taxpayers in their first year not claiming the EIC, almost equal proportions reported income within the EIC range and above the EIC limit. Among taxpayers in a second consecutive year not claiming the credit, the proportion of those reporting income above the EIC limit increased. About 40 percent of taxpayers who filed a return in the first year they stopped claiming the EIC also reported a change in filing status—predominantly from head of household status to single or married filing jointly.

To qualify for the EIC in tax year 1990, taxpayers needed to have at least one qualifying child and reported income less than \$23,750 (in 1994 dollars). If this maximum income limit would have applied in tax year 1994, about 2 percent of 1994 claimants of the EIC for families with children would not have been able to claim the credit because of income above the eligibility threshold. These taxpayers claimed about \$48 million<sup>8</sup> in EIC in 1994, or about 0.2 percent of the total EIC for families with children that year.

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## Objectives, Scope, and Methodology

Our objectives were to (1) develop longitudinal data on taxpayers' patterns of claiming the EIC, changes in EIC claimants' income in the years after an EIC claim, and claimants' income and filing status after leaving the EIC and (2) estimate the number of 1994 EIC claimants who would and would not have been eligible for the credit if the 1990 EIC maximum income limit was still in effect.

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<sup>7</sup>Throughout the report, "reported income" refers to either EIC earned income or AGI. For taxpayers claiming the EIC, our income measure for that year was the actual income used to determine the credit—either EIC earned income or AGI. For tax years in which taxpayers did not claim the credit, and therefore did not report an EIC earned income amount, we used reported AGI as our income measure.

<sup>8</sup>Confidence interval is  $\pm 27$  percent of the reported value.

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We obtained and analyzed the Internal Revenue Service's (IRS) Statistics of Income (SOI) individual income tax databases for tax years 1990 through 1994, the most recent 5 years of data available at the time we began our work. Each SOI database contains tax return information for a random sample of taxpayers. Included in this sample are a subsample of taxpayers who are included every year in which they file. From these longitudinal records, we created a database of taxpayers who claimed the EIC in any 1 of the 5 years.<sup>9</sup> To get additional information on taxpayers who were not included in the SOI sample in certain years, we asked IRS to match SSNs for those taxpayers to primary and secondary (spouse) SSNs on the individual masterfile (IMF). From this match, done in December 1996, we determined if the taxpayer had not filed a return for the year in question, had filed as a secondary filer on a joint return, or had filed too late to be included in the SOI database. For those who had filed, we were able to obtain the AGI and EIC amount, if any.

To identify patterns of claiming the EIC, we determined the years on and off the EIC for each taxpayer in our database. We used this participation data to estimate the percentage of EIC claimants who, over the 5-year period, claimed the credit for 1, 2, 3, 4, or 5 years. To provide specific data on EIC participation patterns, we estimated the proportion of EIC claimants in each year who, in the 1 to 4 years following a claim, (1) claimed the credit at least once more, (2) did not claim the credit again, or (3) continued to consecutively claim the credit. We averaged the results for 1 to 4 years after a claim across relevant tax years.

To track changes in the income of EIC claimants in the years after an EIC claim, we used a series of income categories corresponding to the EIC income ranges for each tax year and ranges for income above the EIC limit. We then estimated the average proportion of EIC claimants whose income stayed in the same range or moved among ranges in the years after an EIC claim.

To describe the status of EIC claimants who at any point stopped claiming the credit between 1990 and 1994, we determined, for the first and second consecutive years off the credit, the proportion of former claimants who (1) reported AGI either above or below the EIC limit, (2) claimed no dependent exemptions, or (3) reported a change in filing status from the year in which the EIC was claimed to the year the credit was not claimed. We also determined the proportion who did not file a return.

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<sup>9</sup>Estimates of EIC claims and amounts from SOI data may differ from what taxpayers actually receive. IRS examinations and other actions may make the actual EIC amount granted to a taxpayer different from the amount claimed on the tax return.

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Our analyses of consecutive years claiming and not claiming the credit and changes in reported income were based on tracking EIC claimants in the years following an EIC claim. For this type of analysis, we made separate estimates for tax year 1990, 1991, 1992, and 1993 claimants and combined the results across all years. For example, the average for EIC participation or income the first year after a claim is based on claims first made in tax years 1990, 1991, 1992, and 1993; estimates for the second year after a claim are based on claims first made in tax years 1990, 1991, and 1992. Estimates for the third year after a claim are based on claims made in tax years 1990 and 1991; estimates for the fourth year after a claim are based only on tax year 1990 claims.

To estimate the number of 1994 claimants of the credit for families with children who would and would not have been eligible for the credit if the 1990 EIC maximum income limit was still in effect, we indexed the 1990 EIC phase-in, plateau, and phase-out cutoffs to 1994 dollars and applied the indexed cutoff points to the 1994 EIC claimants' reported income. We also estimated the amount of 1994 EIC claims made by claimants who reported income above the indexed 1990 EIC limit.

All data presented in this report are estimates based on the SOI longitudinal sample. Accordingly, we calculated confidence intervals at the 95-percent confidence level to indicate the precision of the estimates included in the body of the report. Unless otherwise noted, the confidence intervals for percentages are less than  $\pm 5$  percentage points and for other statistics are less than  $\pm 10$  percent of the reported value. A more detailed explanation of our scope and methodology is included in appendix II. Detailed data tables supporting our findings are included in appendix III.

We did our work in Washington, D.C., from June 1996 to March 1997 in accordance with generally accepted government auditing standards. We requested comments on a draft of this report from the Commissioner of Internal Revenue or her designee and from officials at the Department of the Treasury. The IRS National Director of Legislative Affairs responded in an April 21, 1997, letter saying that the agency agreed with the draft report. Economists from the Department of the Treasury's Office of Tax Analysis provided oral comments that were technical in nature and involved presentation and definitional issues. We made changes to the report where appropriate.



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## EIC Participation Increased Steadily From Tax Year 1990 Through Tax Year 1994

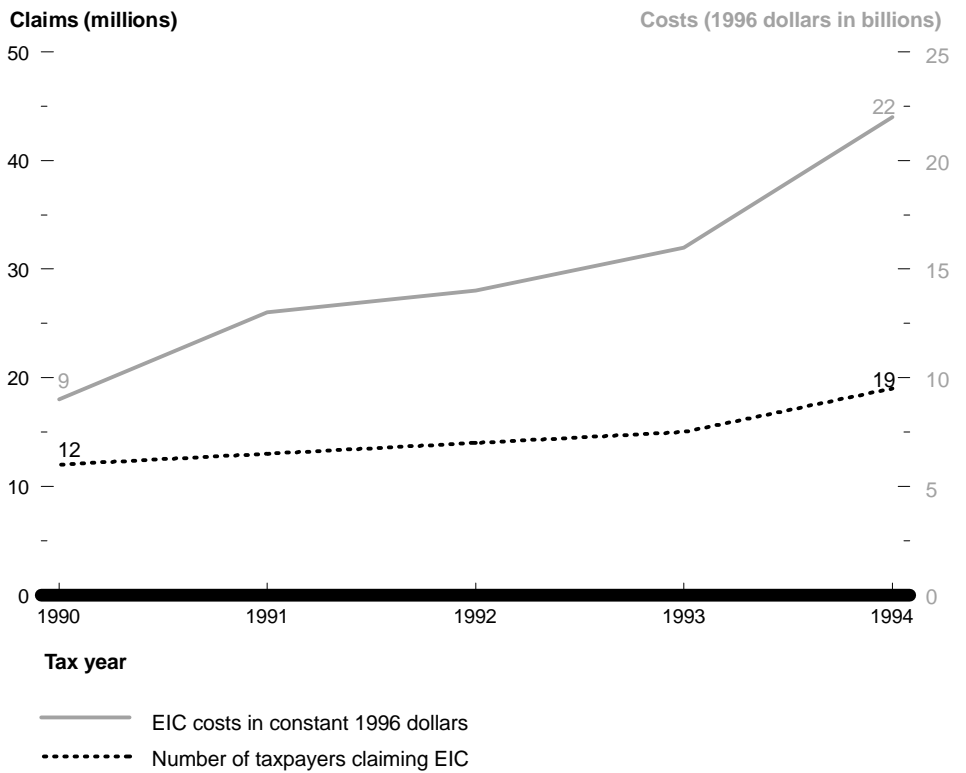
The number of taxpayers claiming the EIC and total program costs increased steadily between tax years 1990 and 1994. In large part, this growth reflects the impact of either eligibility or benefit expansions implemented in tax years 1991 and 1994. Beginning in tax year 1991, taxpayers were able to take advantage of the supplemental young child and health insurance credits, separate credit rates for larger families, and an increase in the basic credit. In tax year 1994, repeal of the supplemental credits went into effect, but a childless adult credit and another general increase in credit amounts for families with children were available.

As shown in figure 1, both the number of taxpayers claiming the credit and EIC program costs (in 1996 dollars) increased steadily from tax years 1990 through 1994. Overall, 30.7 million taxpayers claimed the EIC at least once between tax years 1990 and 1994. They made a total of 72.2 million EIC claims totaling \$74 billion (in 1996 dollars) over the 5-year period. Among the tax year 1994 claimants were 4 million taxpayers who claimed the EIC for childless adults, 600,000<sup>10</sup> of whom had previously claimed the credit for families with children at least once between 1990 and 1993.

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<sup>10</sup>Confidence interval is  $\pm 18$  percent of the reported value.

Figure 1: EIC Costs and Number of Claims, Tax Years 1990 Through 1994

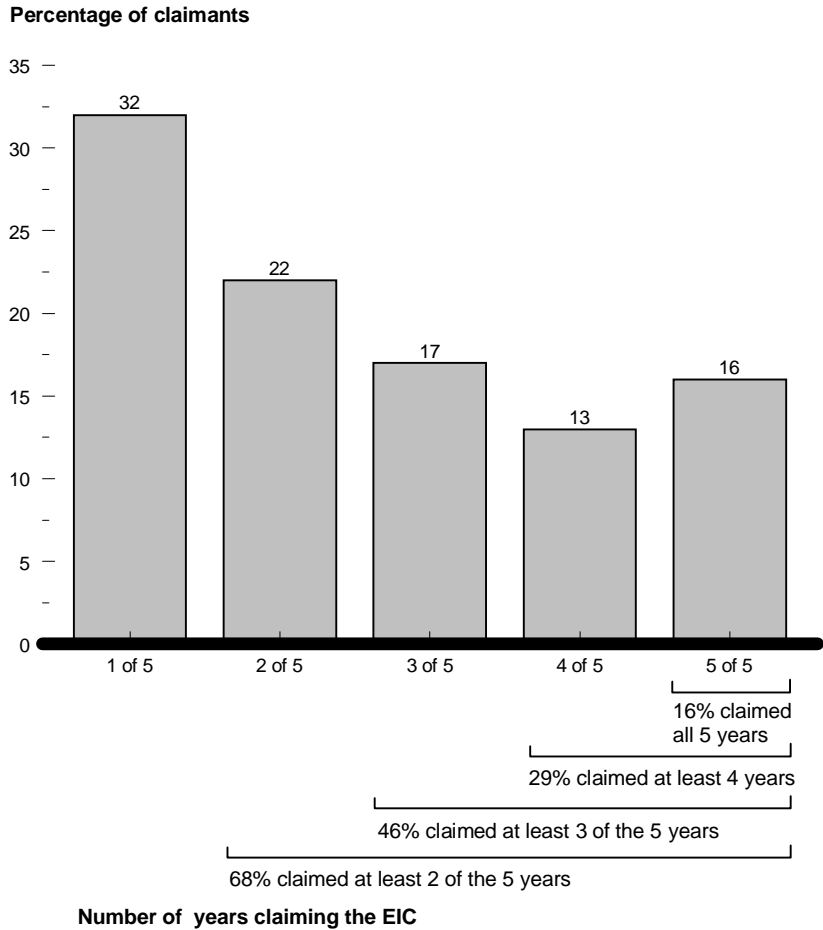


Source: GAO analysis of SOI data.

Many taxpayers who claimed the EIC did so more than once. As shown in figure 2, from 1990 through 1994, about two-thirds of the 27.3 million taxpayers who claimed the EIC for families with children at least once,<sup>11</sup> claimed the credit two or more times. About half of the 27.3 million taxpayers claimed the credit for 3 or more of the 5 years.

<sup>11</sup>These 27.3 million taxpayers made 68.8 million claims in tax years 1990 through 1994. The claims totaled \$73 billion in 1996 dollars.

**Figure 2: Number of Years the EIC Was Claimed in a 5-Year Period by Taxpayers Who Claimed the EIC for Families With Children at Least Once in Tax Years 1990 Through 1994**



Note: Percentages are based on 27.3 million taxpayers who claimed the EIC for families with children at least once between tax years 1990 and 1994. Because the childless adult credit was only available for 1 of our 5 years, this figure excludes the 3.4 million taxpayers who claimed only the childless adult credit in tax year 1994.

Source: GAO analysis of SOI and IMF data.

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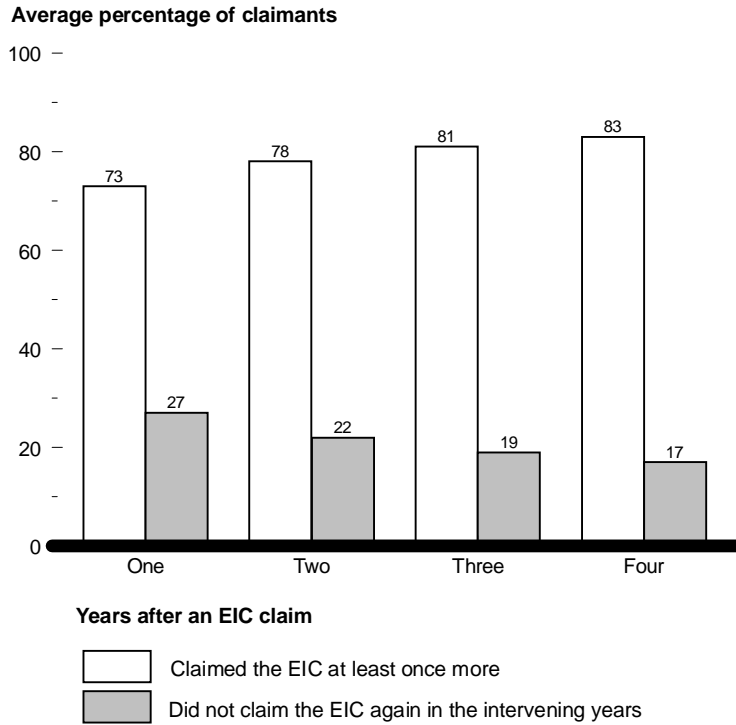
## EIC Participation Patterns

To better understand taxpayer's patterns of claiming the EIC, we separately tracked tax year 1990 through 1993 claimants in the years following their claims and averaged the results.<sup>12</sup> We found that most EIC claimants, on average, took the credit at least once more. In the 2 years following a claim, for example, about three-quarters of the claimants took the credit in at least 1 of the 2 years while the remaining one-quarter did not claim the credit in either of the 2 years. Not only did most taxpayers who claimed the EIC do so more than once, but many took the credit several years in a row. On average, about half of all claimants in a year took the credit in each of the following 2 years (that is, for at least 3 consecutive years). These participation patterns are reflected in figures 3 and 4.

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<sup>12</sup>Throughout the report, we present average percentages for 1, 2, 3, and 4 years after a claim. Because our data included only tax years 1990 through 1994, however, the basis for each estimate is different. The estimates for the first year after a claim are averages based on 53.6 million claims made in tax years 1990 through 1993; estimates for the second year after are averages based on 39.1 million claims made in tax years 1990 through 1992; estimates for the third year after are averages based on 25.5 million claims made in tax years 1990 and 1991; and estimates for the fourth year after are based only on 12.1 million tax year 1990 claims.

**Figure 3: Percentage of EIC Claimants Who Did and Did Not Claim the Credit Again, 1 to 4 Years After a Claim**

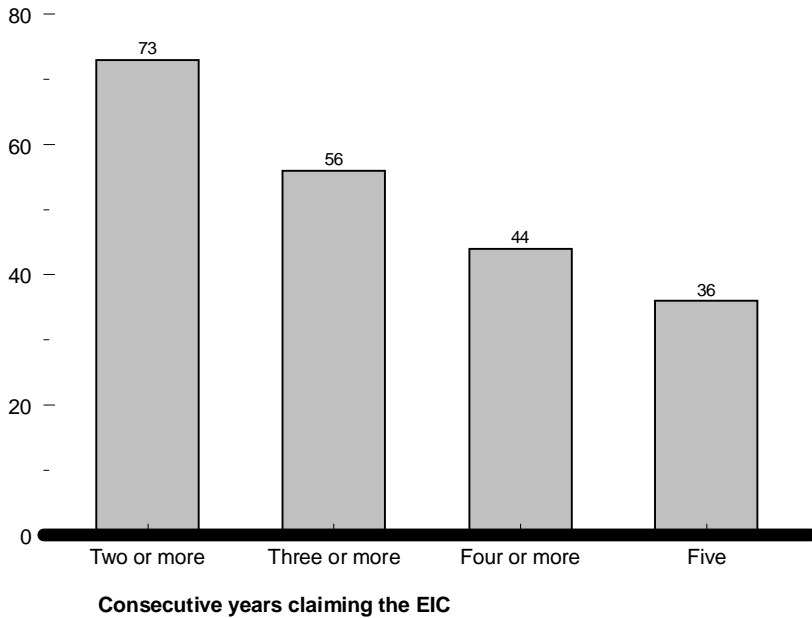


Note: The first year average is based on 53.6 million claims made in tax years 1990 through 1993; the second year average is based on 39.1 million claims made in tax years 1990 through 1992; the third year average is based on 25.5 million claims made in tax years 1990 and 1991; and the fourth year percentage is based on 12.1 million tax year 1990 claims.

Source: GAO analysis of SOI and IMF data.

**Figure 4: Percentage of EIC Claimants Who Took the Credit for 2 to 5 Consecutive Years**

**Average percentage claiming the EIC consecutively**



Note: The 2 consecutive year average is based on 53.6 million claims made in tax years 1990 through 1993; the 3 consecutive year average is based on 39.1 million claims made in tax years 1990 through 1992; the 4 consecutive year average is based on 25.5 million claims made in tax years 1990 and 1991; and the 5 consecutive year percentage is based on 12.1 million tax year 1990 claims.

Source: GAO analysis of SOI and IMF data.

## Changes in EIC Claimants' Income in the Years Following a Claim

Congress designed the EIC, in part, as an incentive for low-income taxpayers to find and keep jobs. We tracked EIC claimants' reported income in the years following a claim to estimate the extent to which their reported income changed among EIC income ranges or moved above the EIC maximum income limit. As a proxy for continued participation in the workforce, we also estimated the proportion of EIC claimants who continued to file returns, while recognizing that the filing of a return does not necessarily mean that the taxpayer was working.

The range of eligible income for the EIC is fairly broad. For tax year 1994 claimants with two or more qualifying children, for example, the phase-in range included reported income below \$8,400 while the phase-out range included reported income up to \$25,295. Table 1 shows the tax year 1990 through 1994 EIC income ranges for claimants with children that were used in our analysis.<sup>13</sup> For tax year 1994, about 60 percent of claimants with qualifying children reported income in the phase-out range and 27 percent reported income in the phase-in range.

**Table 1: EIC Income Ranges for Tax Years 1990 Through 1994**

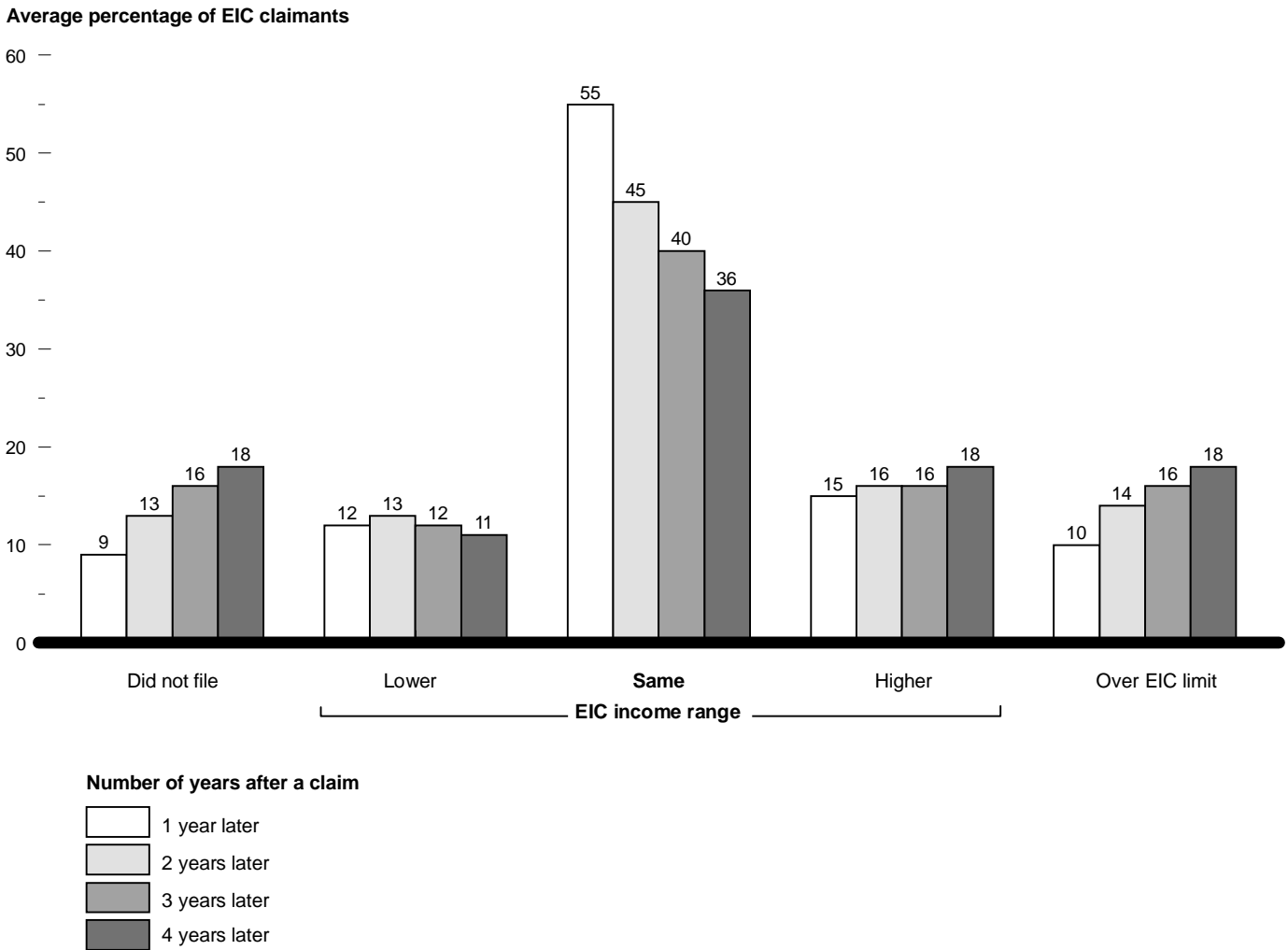
Tax year	EIC income range		
	Phase-in	Plateau	Phase-out
1990	\$1 - \$6,799	\$6,800 - \$10,749	\$10,750 - \$20,263
1991	\$1 - \$7,099	\$7,100 - \$11,249	\$11,250 - \$21,249
1992	\$1 - \$7,499	\$7,500 - \$11,849	\$11,850 - \$22,369
1993	\$1 - \$7,749	\$7,750 - \$12,199	\$12,200 - \$23,049
1994 families with one qualifying child	\$1 - \$7,749	\$7,750 - \$10,999	\$11,000 - \$23,754
1994 families with two or more qualifying children	\$1 - \$8,399	\$8,400 - \$10,999	\$11,000 - \$25,295

Source: IRS EIC tables.

Figure 5 shows, for the 4 years following a claim, the extent to which claimants' reported income changed and the proportion of claimants who did not file a return. The largest group of claimants in each year are those who continued to report income in the same EIC range, although the proportion declined over the 4 years. The proportion of claimants reporting income in a higher EIC range or above the EIC limit increased, as did the proportion of claimants who did not file a return. On average, in the first and fourth years after a claim, respectively, 25 and 36 percent of claimants reported higher income while 21 and 29 percent reported lower income or did not file a return.

<sup>13</sup>See app. I, tables I.1 through I.5 for the phase-in rates, maximum credit amounts, and phase-out rates associated with each income range.

**Figure 5: Changes in EIC Claimants' Reported Income Relative to EIC Income Ranges, From 1 to 4 Years After an EIC Claim**



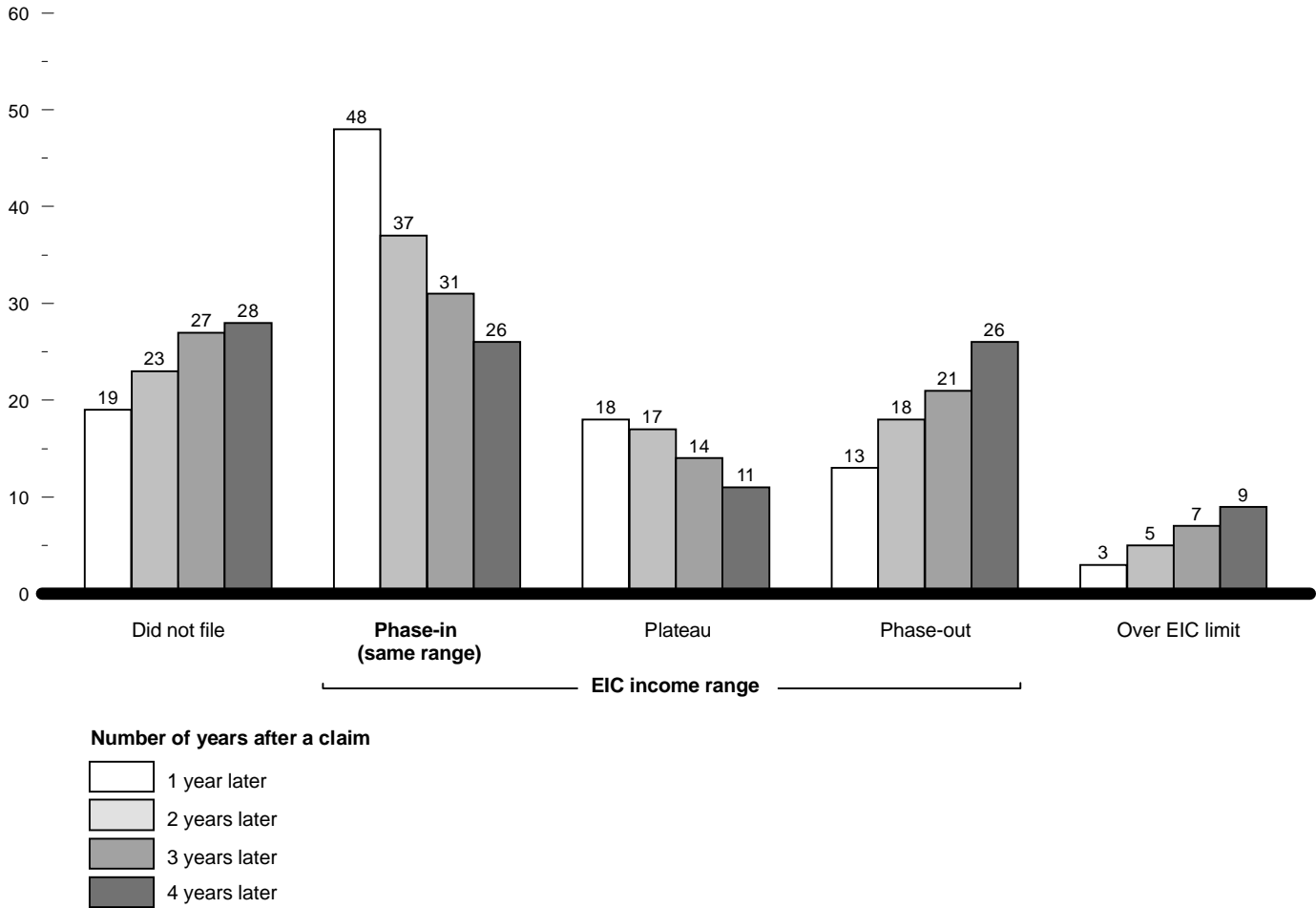
Source: GAO analysis of SOI and IMF data.

Figures 6 and 7 show similar income patterns for phase-in and phase-out range claimants separately. Among both subgroups of claimants over the 4-year period after a claim, the largest proportion continued to report income in the same income category while the proportion of claimants reporting higher income and the proportion not filing a return increased.



**Figure 6: Changes in Income for EIC Claimants Who Claimed the Credit With Reported Income in the Phase-in Range**

Average percentage of phase-in range claimants

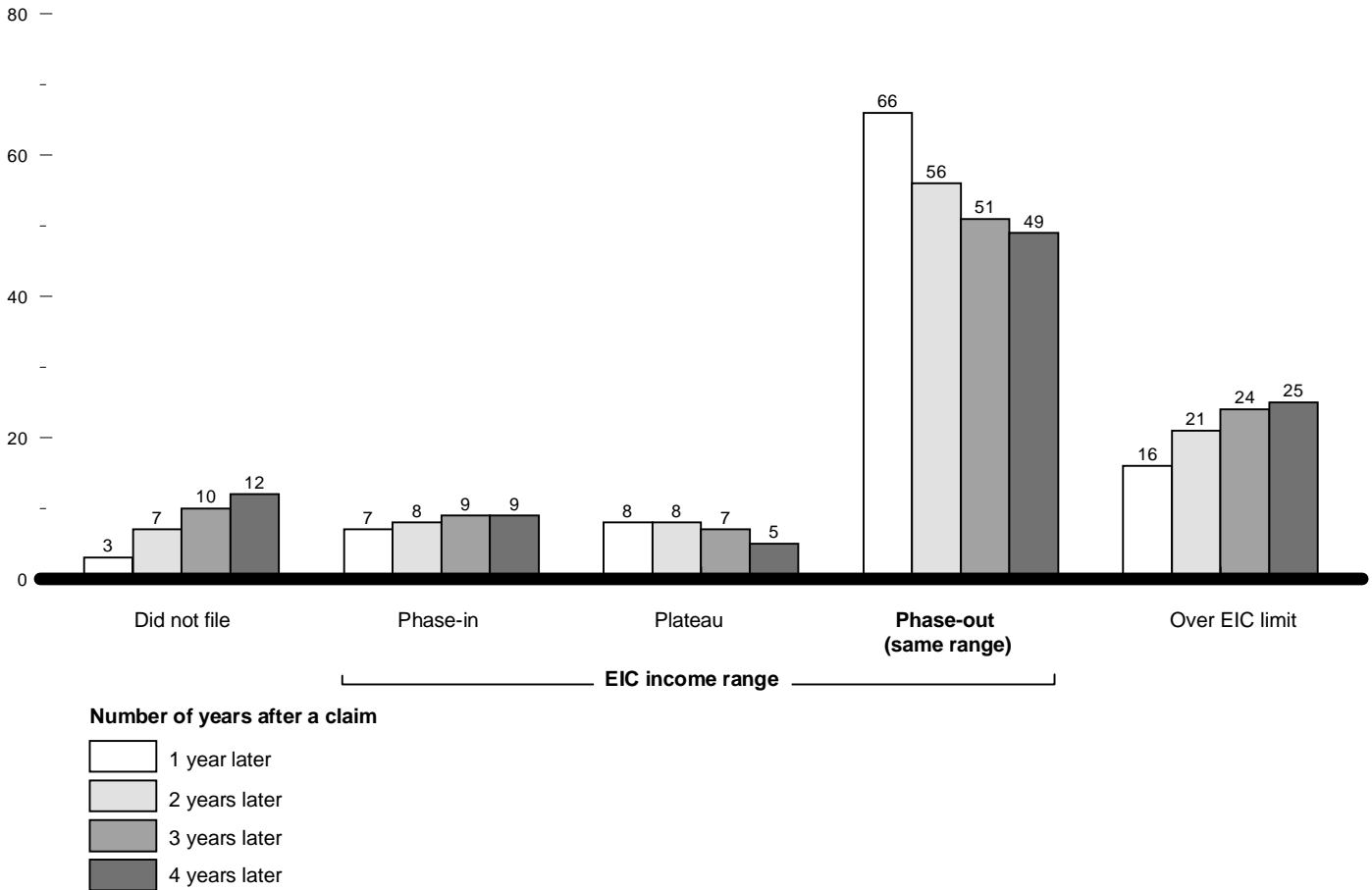


Note: Totals for each year after a claim may not add to 100 percent due to rounding.

Source: GAO analysis of SOI and IMF data.

**Figure 7: Changes in Income for EIC Claimants Who Claimed the Credit With Reported Income in the Phase-Out Range**

Average percentage of phase-out range claimants



Note: Totals for each year after a claim may not add to 100 percent due to rounding.

Source: GAO analysis of SOI and IMF data.

Although a larger percentage of phase-in range claimants changed income categories in later years compared to phase-out range claimants, for EIC families with children, the phase-in range is considerably narrower than the phase-out range. On average, then, claimants in the phase-in range may

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have needed a smaller dollar change in income to move out of their range. Also, it was possible for a taxpayer to report the same income in two different tax years but have that income fall into two different EIC ranges because of inflation adjustments and legislative action in 1993. For example, the 1990 phase-in range included income under \$7,710 in 1994 dollars; the 1994 phase-in range included income under \$7,750 for families with one qualifying child and under \$8,400 for families with two or more qualifying children.<sup>14</sup>

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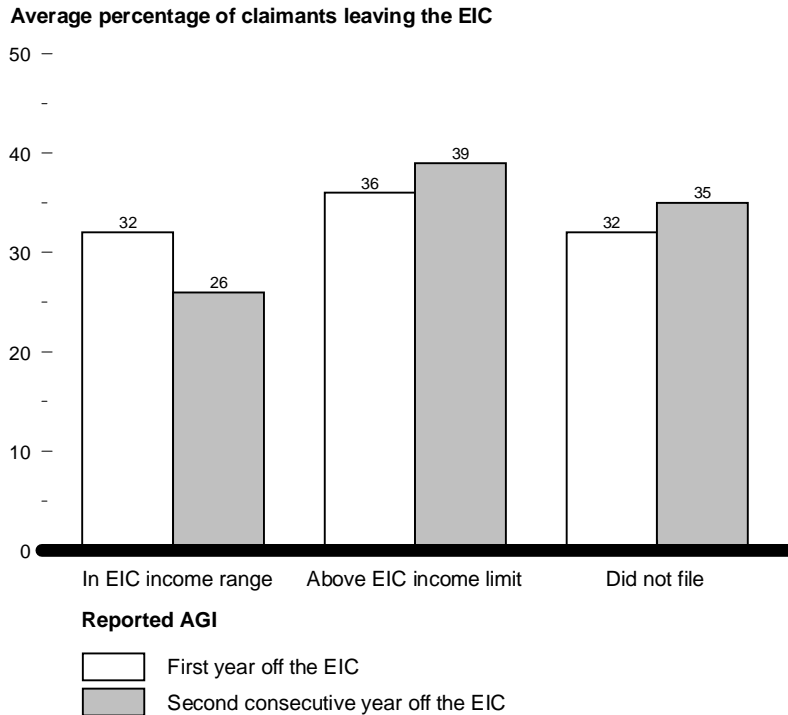
## Taxpayers Who Stopped Claiming the EIC

To describe the status of EIC claimants who at any point stopped claiming the credit between 1990 and 1994, we tracked claimants' income in the first and second consecutive years off the credit. As shown in figure 8, in their first and second consecutive years off the EIC, most former claimants filed a return, but about one-third did not. Almost equal proportions of taxpayers in their first year off the credit reported AGI within the EIC income range, reported AGI above the EIC income limit or did not file a return. Among taxpayers who did not claim the credit for a second consecutive year, the proportion of those reporting AGI above the EIC income limit increased as did the proportion not filing.

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<sup>14</sup>Differences in income range parameters were most noticeable from tax year 1993 to 1994. OBRA 1993 narrowed the plateau range and increased the phase-out range at both the upper and lower ends. The differences from 1990 through 1993 were much smaller. (See table 1.)

**Figure 8: EIC Claimants' Reported AGI in the First and Second Consecutive Years Off the EIC**



Source: GAO analysis of SOI and IMF data.

Taxpayers can stop claiming the EIC for a variety of reasons: (1) their income is above the eligibility threshold; (2) they are unable to claim a qualifying child; (3) they do not claim the credit, although they are qualified; (4) they leave the workforce; or (5) they do not file a return. We were unable to determine, however, which reasons applied to the taxpayers in our analysis who stopped claiming the EIC. Although we did not have data on qualifying children for taxpayers who did not claim the credit, we did have data on reported dependent exemptions. In the first year off the EIC, 9 percent of the taxpayers reporting AGI under the EIC limit did not claim any dependent exemptions. In the second consecutive year off the EIC, 11 percent of those reporting AGI under the EIC limit did not claim a dependent exemption. However, having no dependents would not have necessarily disqualified someone from claiming the EIC because it

was possible to claim a child who was not a dependent as an EIC qualifying child.

Changes in filing status, while generally not affecting EIC eligibility directly, could also play a role in determining whether a taxpayer can claim the credit. For example, a head of household EIC claimant who marries may then have a combined income above the EIC limit. The majority of taxpayers who stopped claiming the EIC and still filed a return reported the same filing status—62 percent in the first year off the EIC and 58 percent among those in the second consecutive year off. The remainder reported a change in filing status that coincided with leaving the EIC. As shown in table 2, a change from head of household status to single or married accounted for most of the taxpayers who reported a change in filing status. Almost all of the head of household EIC claimants whose filing status changed to single or married filing separately continued to report AGI under the EIC limit. Conversely, most of those whose filing status changed to married filing jointly reported income above the EIC limit.

**Table 2: Filing Status Changes From a Year in Which the EIC Was Claimed to the First Year Off the EIC**

Filing status in the year of the EIC claim <sup>a</sup>	Filing status in the first year off the EIC				Total
	Single	Married filing jointly	Married filing separately	Head of household	
Head of household	48%	30%	5%		83%
Married filing jointly	5		6	1	13%
Single		2	0	1	3%
Widow(er)	0	0	0	1	1%
<b>Total</b>	<b>54%</b>	<b>32%</b>	<b>11%</b>	<b>3%</b>	<b>100%</b>

Note 1: Percentages are based on approximately 3.8 million departures from the EIC that coincided with a filing status change.

Note 2: Percentages may not add to totals due to rounding.

<sup>a</sup>Taxpayers with a filing status of married filing separately are ineligible for the EIC.

Source: GAO analysis of SOI and IMF data.

## Tax Year 1990 Maximum Income Limit Applied to Tax Year 1994 Claimants of the EIC for Families With Children

To qualify for the EIC in tax year 1990, taxpayers needed to have at least one qualifying child and reported income of less than \$23,750 (in 1994 dollars). As shown in table 3, if this income limit had applied to tax year 1994 claimants of the EIC for families with children, about 2 percent of those who claimed the credit for families with children in tax year 1994 would not have been able to claim the credit because of income above the eligibility threshold. These taxpayers claimed about \$48 million<sup>15</sup> in EIC in 1994, or 0.2 percent of the total EIC for families with children that year.

**Table 3: Distribution Among EIC Income Ranges for 1994 Claimants of the EIC for Families With Children Using 1994 and 1990 Income Limits**

EIC income range	Tax year 1994 EIC claimants using the 1994 eligibility rules		Tax year 1994 EIC claimants using the 1990 eligibility rules <sup>a</sup>	
	Number of 1994 EIC families with children (in millions)	Percentage of claimants	Number of 1994 EIC families with children (in millions)	Percentage of claimants
Phase-in	3.9	26.7%	3.9	27.1%
Plateau	2.1	14.3	3.1	21.5
Phase-out	8.6	59.0	7.1	49.1
Above phase-out point			0.3	2.4
<b>Total</b>	<b>14.5</b>	<b>100.0%</b>	<b>14.5</b>	<b>100.0%</b>

Note: Numbers and percentages may not add to totals due to rounding.

<sup>a</sup>1990 range breakpoints were indexed to 1994 dollars using the consumer price index for all urban consumers (CPI-U) as reported by the Bureau of Labor Statistics and EIC indexing methodology as prescribed by the Internal Revenue Code.

Source: GAO analysis of SOI data.

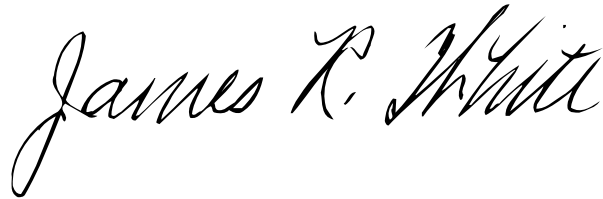
As agreed with your office, unless you publicly release its contents earlier, we plan no further distribution of this report until 30 days from the date of this letter. At that time, we will send copies to the Ranking Minority Member of your committee and the Chairmen and Ranking Minority Members of other interested congressional committees, the Secretary of the Treasury, the Commissioner of Internal Revenue, and other interested parties.

<sup>15</sup>Confidence interval is  $\pm 27$  percent of the reported value.

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Major contributors to this report are listed in appendix IV. If you or your staff have any questions, please call me on (202) 512-5594.

Sincerely yours,

A handwritten signature in black ink that reads "James R. White". The signature is written in a cursive style with a large, looping initial "J".

James R. White  
Associate Director, Tax Policy  
and Administration Issues

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# Contents

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<b>Letter</b>		1
<b>Appendix I</b>		26
<b>EIC Eligibility Rules and Amounts for Tax Years 1990 Through 1996</b>	Tax Year 1990	26
	Tax Year 1991	27
	Tax Year 1992	28
	Tax Year 1993	29
	Tax Year 1994	30
	Tax Year 1995	30
	Tax Year 1996	31
<b>Appendix II</b>		33
<b>Scope, Methodology, and Precision of Statistical Estimates</b>	Methodology Used to Develop the Longitudinal Database	33
	Scope and Methodology for the Data Analyses	34
	Precision of the Statistical Estimates	36
<b>Appendix III</b>		37
<b>Detailed Data Tables</b>	EIC Claims and Program Costs	37
	EIC Participation Patterns	38
	EIC Claimants' Income in the Years Following a Claim	42
	Taxpayers Who Stopped Claiming the EIC	57
<b>Appendix IV</b>		64
<b>Major Contributors to This Report</b>		
<b>Related GAO Products</b>		68
<b>Tables</b>	Table 1: EIC Income Ranges for Tax Years 1990 Through 1994	13
	Table 2: Filing Status Changes From a Year in Which the EIC Was Claimed to the First Year Off the EIC	19
	Table 3: Distribution Among EIC Income Ranges for 1994 Claimants of the EIC for Families With Children Using 1994 and 1990 Income Limits	20
	Table I.1: EIC Calculations for Tax Year 1990	27
	Table I.2: EIC Calculations for the Tax Year 1991 Basic Credit	28
	Table I.3: EIC Calculations for the Tax Year 1992 Basic Credit	29



Table I.4: EIC Calculations for the Tax Year 1993 Basic Credit	29
Table I.5: EIC Calculations for Tax Year 1994	30
Table I.6: EIC Calculations for Tax Year 1995	31
Table I.7: EIC Calculations for Tax Year 1996	32
Table III.1: Total EIC Claims and Amounts, Tax Years 1990 Through 1994	37
Table III.2: Number of Taxpayers Claiming the EIC in a 5-Year Period, by Number of Years Claiming the EIC and EIC Status in Tax Year 1994	38
Table III.3: Patterns of Claiming the EIC, Tax Years 1990 Through 1994	39
Table III.4: Number and Percentage of EIC Claimants Who Did Not Claim the Credit Again, 1 to 4 Consecutive Years After a Claim, by Tax Year	41
Table III.5: Number and Percentage of EIC Claimants Who Claimed the Credit for 2 to 5 Consecutive Years, by Tax Year	42
Table III.6: Reported Income of EIC Claimants, Averages for 1 to 4 Years After a Claim, Number and Percentage of Claimants by Income Range	43
Table III.7: Reported Income of Tax Year 1990 EIC Claimants for Tax Years 1991 Through 1994, Number and Percentage of Claimants by Income Range	44
Table III.8: Reported Income of Tax Year 1991 EIC Claimants for Tax Years 1992 Through 1994, Number and Percentage of Claimants by Income Range	45
Table III.9: Reported Income of Tax Year 1992 EIC Claimants for Tax Years 1993 and 1994, Number and Percentage of Claimants by Income Range	46
Table III.10: Reported Income of Tax Year 1993 EIC Claimants for Tax Year 1994, Number and Percentage of Claimants by Income Range	47
Table III.11: Reported Income of EIC Phase-in Range Claimants, Averages for 1 to 4 Years After a Claim, Number and Percentage of Claimants by Income Range	48
Table III.12: Reported Income of Tax Year 1990 EIC Phase-in Range Claimants, for Tax Years 1991 Through 1994, Number and Percentage of Claimants by Income Range	49
Table III.13: Reported Income of Tax Year 1991 EIC Phase-in Range Claimants for Tax Years 1992 Through 1994, Number and Percentage of Claimants by Income Range	50

Table III.14: Reported Income of Tax Year 1992 EIC Phase-in Range Claimants for Tax Years 1993 and 1994, Number and Percentage of Claimants by Income Range	51
Table III.15: Reported Income of Tax Year 1993 EIC Phase-in Range Claimants for Tax Year 1994, Number and Percentage of Claimants by Income Range	52
Table III.16: Reported Income for EIC Phase-Out Range Claimants, Averages for 1 to 4 Years After a Claim, Number and Percentage of Claimants by Income Range	53
Table III.17: Reported Income of Tax Year 1990 EIC Phase-Out Range Claimants for Tax Years 1991 Through 1994, Number and Percentage of Claimants by Income Range	54
Table III.18: Reported Income of Tax Year 1991 EIC Phase-Out Range Claimants for Tax Years 1992 Through 1994, Number and Percentage of Claimants by Income Range	55
Table III.19: Reported Income of Tax Year 1992 EIC Phase-Out Range Claimants for Tax Years 1993 and 1994, Number and Percentage of Claimants by Income Range	56
Table III.20: Reported Income of Tax Year 1993 EIC Phase-Out Range Claimants for Tax Year 1994, Number and Percentage of Claimants by Income Range	57
Table III.21: EIC Claimants' Reported Income in the First and Second Consecutive Years off the Credit, Averages for Tax Years 1991 Through 1994, Number and Percentage of Departures by Income Range	58
Table III.22: EIC Claimants Reporting the Same or Different Filing Status in the First and Second Consecutive Years off the Credit, by Income Range, Averages for Tax Year 1991 Through 1994 Departures From the Credit	60
Table III.23: Type of Filing Status Change From the Year of an EIC Claim to the First Year off the EIC, by Income Range, Averages for Tax Years 1990 Through 1994	62

## Figures

Figure 1: EIC Costs and Number of Claims, Tax Years 1990 Through 1994	8
Figure 2: Number of Years the EIC Was Claimed in a 5-Year Period by Taxpayers Who Claimed the EIC for Families With Children at Least Once in Tax Years 1990 Through 1994	9
Figure 3: Percentage of EIC Claimants Who Did and Did Not Claim the Credit Again, 1 to 4 Years After a Claim	11

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Figure 4: Percentage of EIC Claimants Who Took the Credit for 2 to 5 Consecutive Years	12
Figure 5: Changes in EIC Claimants' Reported Income Relative to EIC Income Ranges, From 1 to 4 Years After an EIC Claim	14
Figure 6: Changes in Income for EIC Claimants Who Claimed the Credit With Reported Income in the Phase-in Range	15
Figure 7: Changes in Income for EIC Claimants Who Claimed the Credit With Reported Income in the Phase-out Range	16
Figure 8: EIC Claimants' Reported AGI in the First and Second Consecutive Years off the EIC	18

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**Abbreviations**

AGI	adjusted gross income
CPI-U	consumer price index for all urban consumers
EIC	Earned Income Credit
IMF	Individual Masterfile
IRS	Internal Revenue Service
OBRA	Omnibus Budget Reconciliation Act
SOI	Statistics of Income
SSN	Social Security Number

# EIC Eligibility Rules and Amounts for Tax Years 1990 Through 1996

The basic structure for calculating EIC amounts has remained the same since 1990. The credit gradually increases with increasing income (phase-in range), plateaus at a maximum amount (plateau range), and then decreases until it reaches zero (phase-out range). For taxpayers with income in the phase-in range, a 15 percent phase-in rate, for example, means that for each additional \$100 of earned income, the taxpayer receives \$15 in EIC until income reaches the top of the phase-in range. All taxpayers with income in the plateau range receive the same (maximum) EIC amount. For taxpayers with income in the phase-out range, a 10 percent phase-out rate, for example, means that for every additional \$100 in income, the credit is reduced by \$10. If taxpayers' earned income or adjusted gross income (AGI) exceeds the maximum qualifying income level, they are not eligible for the credit. When taxpayers' AGI is in the credit's phase-out range, they receive the lesser amount resulting from using their earned income or AGI in calculating the credit.

The rules regarding which taxpayers are eligible for the EIC and the formulas used to calculate the credit have undergone several changes since 1990. This appendix explains the specifics of EIC eligibility, how the credit was structured, and how benefit amounts were determined<sup>16</sup> for tax year 1990 along with subsequent changes effective in tax years 1991 through 1996.

## Tax Year 1990

To be eligible for the credit in tax year 1990, the following basic rules applied.

- The taxpayer must have (1) filed as married filing jointly and have been entitled to a dependent exemption under Internal Revenue Code section 151 for a child, (2) filed as a surviving spouse as determined under Internal Revenue Code section 2(a), or (3) filed as a head of household as determined under Internal Revenue Code section 2(b) with certain modifications.
- The taxpayer's child must have had the same principal place of abode as the taxpayer for more than half of the tax year and that abode must have been in the United States.

<sup>16</sup>The income breakpoints used in this report to define the EIC phase-in, plateau, and phase-out ranges were taken from IRS EIC tables that taxpayers used to determine their credit amount. These breakpoints may differ slightly from those calculated mathematically using the phase-in and phase-out rates and maximum credit amount established by law.

**Appendix I  
EIC Eligibility Rules and Amounts for Tax  
Years 1990 Through 1996**

In addition, the taxpayer’s maximum allowable income (either earned income or AGI) was \$20,263. Table I.1 shows the details of how EIC amounts were to be calculated for tax year 1990.

**Table I.1: EIC Calculations for Tax Year 1990**

EIC range	EIC calculation for families with one or more children
<b>Phase-in</b>	
Income range	\$1 - \$6,799
Phase-in rate	14%
<b>Plateau</b>	
Income range	\$6,800 - \$10,749
Maximum credit	\$953
<b>Phase-out</b>	
Income range	\$10,750 - \$20,263
Phase-out rate	10%

Source: Internal Revenue Code and IRS EIC tables.

## Tax Year 1991

In OBRA 1990, Congress made several changes to the EIC that took effect in tax year 1991. The changes

- defined an EIC “qualifying child” to mean a child who (1) is an EIC claimant’s son, daughter, adopted child, grandchild, stepchild, or foster child; (2) is under age 19, or under age 24 and a full-time student, or any age and permanently and totally disabled; and (3) lives in the claimant’s home in the United States for more than half of the year (or all of the year if a foster child);
- adjusted the credit structure to grant different credit amounts to taxpayers with one qualifying child and taxpayers with two or more qualifying children;
- added two supplemental credits—one going to taxpayers with a child under 1 year of age and another to taxpayers who paid health insurance premiums on policies covering their children;
- allowed taxpayers with a “single” filing status to claim the credit; and
- specified a general increase in credit rates that was to be phased in over 4 years (the planned increase for 1994 was superseded by 1993 legislation).

The supplemental credit structure was similar to that of the basic credit. The supplemental credit for children under 1 year of age added

**Appendix I  
EIC Eligibility Rules and Amounts for Tax  
Years 1990 Through 1996**

5-percentage points to the phase-in rate and 3.57-percentage points to the phase-out rate. Similarly, the health insurance credit added up to 6-percentage points to the phase-in rate and 4.285-percentage points to the phase-out rate. The health insurance credit, however, could not exceed the actual amount of health insurance premiums paid. Families with one child taking both the supplemental credit for a young child and the maximum supplemental credit for health insurance would have had an effective phase-in rate of 27.7 percent and a phase-out rate of 19.785 percent.

Table 1.2 shows how the basic credit was to be calculated for tax year 1991.

**Table 1.2: EIC Calculations for the Tax Year 1991 Basic Credit**

<b>EIC range</b>	<b>EIC calculation for families with one child</b>	<b>EIC calculation for families with two or more children</b>
<b>Phase-in</b>		
Income range	\$1 - \$7,099	\$1 - \$7,099
Phase-in rate	16.7%	17.3%
<b>Plateau</b>		
Income range	\$7,100 - \$11,249	\$7,100 - \$11,249
Maximum credit	\$1,192	\$1,235
<b>Phase-out</b>		
Income range	\$11,250 - \$21,249	\$11,250 - \$21,249
Phase-out rate	11.93%	12.36%

Note: In addition to the basic EIC credit, taxpayers may also have been eligible for a supplemental health insurance credit of up to \$428 and/or a supplemental credit for a child born in 1991 of up to \$357.

Source: Internal Revenue Code and IRS EIC tables.

## Tax Year 1992

No major changes to the EIC were made effective for tax year 1992. However, the phase-in and phase-out rate changes specified under OBRA 1990 were implemented. Table I.3 shows how the basic credit was to be calculated for tax year 1992.

**Appendix I  
EIC Eligibility Rules and Amounts for Tax  
Years 1990 Through 1996**

**Table I.3: EIC Calculations for the Tax  
Year 1992 Basic Credit**

<b>EIC range</b>	<b>EIC calculation for families with one child</b>	<b>EIC calculation for families with two or more children</b>
<b>Phase-in</b>		
Income range	\$1 - \$7,499	\$1 - \$7,499
Phase-in rate	17.6%	18.4%
<b>Plateau</b>		
Income range	\$7,500 - \$11,849	\$7,500 - \$11,849
Maximum credit	\$1,324	\$1,384
<b>Phase-out</b>		
Income range	\$11,850 - \$22,369	\$11,850 - \$22,369
Phase-out rate	12.57%	13.14%

Note: In addition to the basic EIC credit, taxpayers may also have been eligible for a supplemental health insurance credit of up to \$451 and/or a supplemental credit for a child born in 1992 of up to \$376.

Source: Internal Revenue Code and IRS EIC tables.

## Tax Year 1993

No major changes to the EIC were made effective in tax year 1993. Table I.4 shows how the EIC basic credit was to be calculated and reflects the rate changes mandated in OBRA 1990.

**Table I.4: EIC Calculations for the Tax  
Year 1993 Basic Credit**

<b>EIC range</b>	<b>EIC calculation for families with one child</b>	<b>EIC calculation for families with two or more children</b>
<b>Phase-in</b>		
Income range	\$1 - \$7,749	\$1 - \$7,749
Phase-in rate	18.5%	19.5%
<b>Plateau</b>		
Income range	\$7,750 - \$12,199	\$7,750 - \$12,199
Maximum credit	\$1,434	\$1,511
<b>Phase-out</b>		
Income range	\$12,200 - \$23,049	\$12,200 - \$23,049
Phase-out rate	13.21%	13.93%

Note: In addition to the basic EIC credit, taxpayers may also have been eligible for a supplemental health insurance credit of up to \$465 and/or a supplemental credit for a child born in 1993 of up to \$388.

Source: Internal Revenue Code and IRS EIC tables.

## Tax Year 1994

In OBRA 1993 and other legislation, Congress made several notable changes to the EIC that went into effect in tax year 1994. These changes

- simplified EIC filing by eliminating the supplemental young child and health insurance credits;
- expanded EIC coverage to include certain taxpayers without qualifying children (i.e., “childless adults”);
- increased, over a 3-year period beginning in tax year 1994, the maximum credit amounts for families with children; and
- denied the EIC for wages earned by prison inmates.

To receive the new EIC for childless adults, taxpayers (1) had to be at least 25 but less than 65 years old, (2) had to have income of less than \$9,000, and (3) could not be claimed as a dependent on another return. As shown in table I.5, the EIC for childless adults was structured, like the credit for families with children, with a phase-in, plateau, and phase-out range.

**Table I.5: EIC Calculations for Tax Year 1994**

<b>EIC range</b>	<b>EIC calculation for families with one child</b>	<b>EIC calculation for families with two or more children</b>	<b>EIC calculation for childless adults</b>
<b>Phase-in</b>			
Income range	\$1 - \$7,749	\$1 - \$8,399	\$1 - \$3,999
Phase-in rate	26.3%	30.0%	7.65%
<b>Plateau</b>			
Income range	\$7,750 - \$10,999	\$8,400 - \$10,999	\$4,000 - \$4,999
Maximum credit	\$2,038	\$2,528	\$306
<b>Phase-out</b>			
Income range	\$11,000 - \$23,754	\$11,000 - \$25,295	\$5,000 - \$8,999
Phase-out rate	15.98%	17.86%	7.65%

Source: Internal Revenue Code and IRS EIC tables.

## Tax Year 1995

Effective for tax year 1995, Congress

- extended the EIC to taxpayers living outside the United States because of a military assignment if they meet all other criteria, and
- denied the credit to anyone who spent part of the tax year as a nonresident alien.



**Appendix I  
EIC Eligibility Rules and Amounts for Tax  
Years 1990 Through 1996**

As reflected in table I.6, the second year of rate changes specified in OBRA 1993 were also implemented.

**Table I.6: EIC Calculations for Tax Year 1995**

<b>EIC range</b>	<b>EIC calculation for families with one child</b>	<b>EIC calculation for families with two or more children</b>	<b>EIC calculation for childless adults</b>
<b>Phase-in</b>			
Income range	\$1 - \$6,149	\$1 - \$8,599	\$1 - \$4,099
Phase-in rate	34.0%	36.0%	7.65%
<b>Plateau</b>			
Income range	\$6,150 - \$11,299	\$8,600 - \$11,299	\$4,100 - \$5,149
Maximum credit	\$2,094	\$3,110	\$314
<b>Phase-out</b>			
Income range	\$11,300 - \$24,395	\$11,300 - \$26,672	\$5,150 - \$9,229
Phase-out rate	15.98%	20.22%	7.65%

Source: Internal Revenue Code and IRS EIC tables.

## Tax Year 1996

Congress made three changes to the EIC in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193). These changes

- denied the EIC to taxpayers with investment income greater than \$2,200, regardless of their earned income or AGI;
- created a “modified AGI” to be used in calculating the credit that excludes certain losses from investments and businesses; and
- denied the credit to taxpayers without valid Social Security Numbers (SSN).<sup>17</sup>

For most taxpayers, the investment income and modified AGI provisions were effective for tax year 1996; for taxpayers using the EIC advance payment option<sup>18</sup> as of June 26, 1996, these two provisions are effective for tax year 1997. The SSN provision was effective for all taxpayers for tax year 1996.

<sup>17</sup>Taxpayers were already required to provide valid SSNs for qualifying children.

<sup>18</sup>Taxpayers who expect to qualify for the EIC can, by filing a form with their employers, receive a portion of their credit in advance as regular additions to their paychecks.

**Appendix I**  
**EIC Eligibility Rules and Amounts for Tax**  
**Years 1990 Through 1996**

The investment income exclusion is basically an indirect wealth test intended to eliminate certain taxpayers from the EIC program. Investment income includes taxable and nontaxable interest, taxable dividends, net rent and royalty income derived from sources outside the taxpayer's ordinary course of trade or business, capital gain net income, and passive activity net income.<sup>19</sup> The threshold is to be indexed for inflation.

"Modified AGI" for the purposes of the EIC means AGI determined without regard to (1) net capital losses, (2) net losses from trusts and estates, (3) net losses from rents and royalties derived outside the taxpayer's normal course of trade or business, and (4) 50 percent of net losses from trades or businesses. The losses subject to the 50 percent exclusion are to be computed separately with respect to sole proprietorships other than farming, farming sole proprietorships, and other trades or businesses.

Table I.7 shows how the EIC was to be calculated for tax year 1996.

**Table I.7: EIC Calculations for Tax Year 1996**

<b>EIC range</b>	<b>EIC calculation for families with one child</b>	<b>EIC calculation for families with two or more children</b>	<b>EIC calculation for childless adults</b>
<b>Phase-in</b>			
Income range	\$1 - \$6,299	\$1 - \$8,849	\$1 - \$4,199
Phase-in rate	34.0%	40.0%	7.65%
<b>Plateau</b>			
Income range	\$6,300 - \$11,649	\$8,850 - \$11,649	\$4,200 - \$5,299
Maximum credit	\$2,152	\$3,556	\$323
<b>Phase-out</b>			
Income range	\$11,650 - \$25,077	\$11,650 - \$28,494	\$5,300 - \$9,499
Phase-out rate	15.98%	21.06%	7.65%

Source: Internal Revenue Code and IRS EIC tables.

<sup>19</sup>The disqualified investment income test was added to the Internal Revenue Code by P.L. 104-7, effective beginning with tax year 1996. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996, however, amended the disqualified investment income test by (1) adding capital gain net income and net passive income (if greater than zero) to the definition of disqualified investment income, (2) lowering the threshold from \$2,350 to \$2,200, and (3) indexing the threshold to inflation after 1996.

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# Scope, Methodology, and Precision of Statistical Estimates

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This appendix describes the methodology we used to construct the longitudinal database that was the basis of our work and the specific methodology for our data analyses. This appendix also includes data on the precision of the statistical estimates included in the body of this report.

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## Methodology Used to Develop the Longitudinal Database

We obtained and analyzed a longitudinal, random sample of tax returns filed for tax years 1990 through 1994, the most recent 5-year period of data available at the time we began our work. This longitudinal subsample<sup>20</sup> is part of a larger database generated by IRS' Statistics of Income (SOI) division.

From the longitudinal sample, we identified 6,141 taxpayers who claimed the EIC in any 1 of the 5 years. The SOI databases for each tax year include a small percentage of returns from earlier tax years, and we eliminated returns for tax year 1989 or earlier. We also found 44 duplicate SSNs in the sample. All of the associated tax returns were retained as separate returns when the names and tax information showed these were separate taxpayers.

For most taxpayers, all of the information for our analysis could be drawn from the SOI database. However, information was not available on some taxpayers, in some years after an EIC claim, usually because the taxpayer did not file a return or because the taxpayer was included as a secondary filer on another taxpayer's return. To obtain information for those years, we asked IRS to match SSNs for these taxpayers to primary and secondary SSNs on the individual masterfile (IMF) and print transcripts for tax years 1991 through 1994. From these transcripts printed in December 1996, we were able to complete information on AGI, EIC amount (if any), and filing status (in some cases) for taxpayers who had filed as secondary filers on a joint return or had filed too late to be included in the SOI database.<sup>21</sup> We classified taxpayers who did not have return information for a given tax year either in the SOI database or on the IMF as not having filed a return that year. We were not able to determine why a taxpayer did not file a return.

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<sup>20</sup>The SOI "Continuous Work History Panel."

<sup>21</sup>IMF data were used only in tracking forward taxpayers already having a weighted record in the SOI database.

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## Scope and Methodology for the Data Analyses

Our analyses included EIC claims made in tax years 1990 through 1994. In addition, our analyses of consecutive years on and off the credit and changes in reported income were limited to tracking EIC claimants in the years following an EIC claim. For this type of analysis, we made separate estimates for tax year 1990, 1991, 1992, and 1993 claimants and averaged the results across all years. For example, the averages for EIC participation or income in the first year after a claim were made on the basis of approximately 54 million claims made in tax years 1990, 1991, 1992, and 1993; estimates for the second year after a claim were made on the basis of 39 million claims made in tax years 1990, 1991, and 1992. Estimates for the third year after a claim were made on the basis of about 26 million claims made in 1990 and 1991 and estimates for the fourth year after a claim were made on the basis of approximately 12 million tax year 1990 claims. The results for both the individual years and combined averages are given in appendix III.

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## EIC Participation Patterns

To identify patterns of claiming the EIC, we determined the years on and off the EIC for each taxpayer in our database. We used this participation data to estimate the percentage of all EIC taxpayers who, over the 5-year period, claimed the credit for 1, 2, 3, 4, and 5 years. We also estimated the percentage of EIC claimants for each tax year who, in the 1 to 4 years following a claim (as appropriate), (1) claimed the credit at least once more, (2) did not claim the credit again, or (3) continued to consecutively claim the credit.

Some taxpayers who claimed the EIC for families with children between 1990 and 1993 claimed the credit for childless adults in tax year 1994. We included all tax year 1994 EIC claims in our analysis, regardless of claim type.

---

## Changes in Income in the Years Following a Claim

To track changes in EIC claimants' income in the years after an EIC claim, we created a series of income categories relative to the EIC income ranges for each tax year. These categories were (1) negative AGI, (2) the EIC phase-in range, (3) the EIC plateau range, (4) the EIC phase-out range, (5) the EIC phase-out amount to 10 percent over that amount, (6) between 10 and 25 percent over the phase-out amount, (7) between 25 and 50 percent over the phase-out amount, and (8) 50 percent or more over the phase-out amount.<sup>22</sup> The income parameters for each category changed

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<sup>22</sup>To simplify presentation in the body of this report, we collapsed all categories for income above the phase-out point. Data using the detailed categories are included in appendix III.

slightly from year to year to reflect the EIC cutoff points specific to each tax year (see app. I for EIC income ranges by tax year). For each tax year, we used taxpayers' reported AGI (or earned income, if applicable, in the years the taxpayer claimed the EIC) to assign their income to the appropriate category. We then estimated the proportion of EIC claimants whose income stayed in the same or moved among categories in the years after an EIC claim.

Taxpayers who claimed the childless adult credit in 1994 and had previously claimed the credit for families with children were included in this analysis. To provide a common income measure across all years, however, we disregarded childless adult credit ranges in 1994 and applied all reported 1994 income to the ranges for families with one qualifying child. To classify income for non-EIC claimants, we also used the income parameters for families with one child.

Because the EIC is indexed for inflation, our income categories also, in effect, account for inflation adjustments. A legislative change implemented in tax year 1994, however, also adjusted the income ranges more than they would have changed due to straight inflation adjustments. It is possible, therefore, that the same reported AGI could fall into two different ranges from one year to the next. This is a limitation of our analysis in terms of identifying true change in income; however, our primary interest was in tracking changes in income in the context of claiming the EIC.

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## **Taxpayers Who Stopped Claiming the EIC**

To describe the status of EIC claimants who at any point stopped claiming the credit between 1990 and 1994, we determined, for the first and second consecutive years off the credit, the proportion of former claimants who (1) reported AGI either above or below the EIC limit, (2) claimed no dependent exemptions, and (3) reported a change in filing status from the year of claiming the EIC to the year off the EIC. We also determined the proportion who did not file a return. We did not attempt to obtain data on why taxpayers did not file a return, e.g., left the workforce, death, etc.

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## **1990 Rules Applied to 1994 Claimants**

To estimate the number of 1994 EIC claimants of the credit for families with children who would and would not have been eligible for the credit if the 1990 EIC maximum income limit still would have been in effect, we indexed the 1990 EIC phase-in, plateau, and phase-out cutoffs to 1994

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dollars<sup>23</sup> and applied the indexed cutoff points to the 1994 EIC claimants' reported income. We also estimated the amount of 1994 EIC claims made by those claimants who reported income above the indexed 1990 EIC limit.

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## **Precision of the Statistical Estimates**

All data presented in this report are estimates based on the SOI longitudinal subsample. Accordingly, we calculated confidence intervals at the 95-percent confidence level to indicate the precision of the estimates included in the body of the report. For example, we show in figure 4 that, on average, 56.2 percent of EIC claimants took the credit for 3 or more consecutive years. This estimate is surrounded by a 95-percent confidence interval of  $\pm 1.4$  percent. This indicates that we are 95 percent confident that the actual percentage is included in the range of 54.8 to 57.6 percent. Unless otherwise noted, the 95-percent confidence intervals for all percentages in the body of the report are less than  $\pm 5$  percentage points and for other statistics are less than  $\pm 10$  percent of the reported estimate.

Sampling errors used to calculate the confidence intervals are based on the assumption that the longitudinal database is a simple random sample of 6,141 taxpayers. Sampling errors for tax returns from more than 1 year take into account the fact that individual taxpayers can file as many as five returns over the 5-year study period. These sampling errors come from a cluster sampling formula that recognizes that tax returns are drawn in clusters associated with each selected SSN. Sampling errors for our data are included in appendix III.

Our estimates are based upon the SOI longitudinal subsample rather than the full SOI database; consequently, estimates reported here differ slightly from estimates generated using the full SOI sample. For example, in our June 1996 EIC report,<sup>24</sup> we reported 19.1 million 1994 claimants, using the advance version of the full SOI database of approximately 7,800 EIC returns. The estimate in this report is 18.5 million, using the longitudinal panel with about 3,700 EIC returns. The estimates of the amount of EIC claimed by taxpayers in this report may also differ from the EIC that taxpayers actually received. IRS examinations and other actions may make the actual EIC amount granted to a taxpayer different from the amount claimed on the tax return.

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<sup>23</sup>We used the CPI-U as reported by the Bureau of Labor Statistics and EIC indexing methodology as prescribed by the Internal Revenue Code.

<sup>24</sup>Earned Income Credit: Profile of Tax Year 1994 Credit Recipients ([GAO/GGD-96-122BR](#), June 13, 1996).

# Detailed Data Tables

This appendix presents the detailed data resulting from our analysis of the longitudinal database. All data are estimates based on the sample. Standard errors for each estimate are in parentheses in each table cell. The standard error is a measure of the variability that is introduced by sampling from the population of EIC claims. A 95-percent confidence interval is calculated by multiplying the standard error by 1.96. For example, in the first row of Table 1, the standard error of \$136 million for tax year 1990 indicates that the estimate of \$7,233,000,000 is surrounded by a 95-percent confidence interval of about  $\pm$  \$267,000,000 ( $\$136,000,000 \times 1.96$ ) and thus stretches from \$6,966,000,000 to \$7,500,000,000.

## EIC Claims and Program Costs

Table III.1 shows the number of EIC claims and EIC amounts for tax years 1990 through 1994. Table III.2 provides data on the frequency with which taxpayers claimed the EIC over the same 5-year period by EIC status in tax year 1994.

**Table III.1: Total EIC Claims and Amounts, Tax Years 1990 Through 1994**

Standard errors in parentheses

Tax Year	EIC amount (dollars in millions)	Number of claims (in thousands)
1990	\$7,233 (136)	12,115 (192)
1991	10,926 (193)	13,395 (194)
1992	12,698 (221)	13,590 (195)
1993	14,935 (242)	14,545 (196)
1994 <sup>a</sup>	20,687 (322)	18,550 (192)
<b>Total</b>	<b>\$66,478 (756)</b>	<b>72,195 (564)</b>

Note 1: Dollar values are not indexed.

Note 2: Dollars do not add to total due to rounding.

<sup>a</sup>The 1994 total includes 14.5 million claims for the EIC for families with children totaling \$20 billion and 4 million claims for the childless adult credit totaling \$0.7 billion.

Source: GAO analysis of SOI data.

**Appendix III  
Detailed Data Tables**

**Table III.2: Number of Taxpayers Claiming the EIC in a 5-Year Period, by Number of Years Claiming the EIC and EIC Status in Tax Year 1994**

Number of claimants in thousands

Standard errors in parentheses

Number of years claiming the EIC in the 5-year period between tax years 1990 and 1994	EIC status in tax year 1994					Total
	Did not claim the EIC for childless adults	Claimed childless adult credit and claimed EIC at least once from 1990 to 1993	Claimed childless adult credit and did not claim EIC from 1990 to 1993	Claimed EIC but type unknown <sup>a</sup>	Did not file a return in 1994	
1 of 5 years	6,535 (160)		3,410 (123)		2,100 (99)	<b>12,045</b> <b>(191)</b>
2 of 5 years	4,590 (140)	290 (38)	0	75 (19)	1,075 (72)	<b>6,030</b> <b>(156)</b>
3 of 5 years	3,690 (127)	140 (26)	0	35 (13)	700 (58)	<b>4,565</b> <b>(139)</b>
4 of 5 years	3,220 (120)	75 (19)	0	60 (17)	305 (39)	<b>3,660</b> <b>(127)</b>
5 of 5 years	4,260 (135)	90 (21)	0	55 (17)		<b>4,405</b> <b>(137)</b>
<b>Total</b>	<b>22,295</b> <b>(175)</b>	<b>595</b> <b>(54)</b>	<b>3,410</b> <b>(123)</b>	<b>225</b> <b>(33)</b>	<b>4,180</b> <b>(134)</b>	<b>30,705</b>

<sup>a</sup>The SOI databases did not include information on some taxpayers, in some years after an EIC claim. During our analysis of IMF transcripts for these taxpayers and years, we found that some had made EIC claims, but the transcripts did not include EIC earned income amounts or data on EIC qualifying children. Consequently, for tax year 1994 claimants reporting AGI under \$9,000 (the income limit for childless adults), we were unable to precisely determine which taxpayers had claimed the EIC for families with children and which had claimed the EIC for childless adults.

Source: GAO analysis of SOI and IMF data.

## EIC Participation Patterns

Table III.3 provides data on each possible EIC participation pattern for the 5-year period including tax years 1990 through 1994. Tables III.4 and III.5 provide specific data, by tax year, on claimants continuing to claim the EIC in consecutive years and claimants not taking the credit again.



**Appendix III  
Detailed Data Tables**

**Table III.3: Patterns of Claiming the EIC, Tax Years 1990 Through 1994**

Number of taxpayers and claims in thousands							
First year claiming the EIC during the 5-year period	Participation pattern					Number of taxpayers	Total number of claims made <sup>a</sup>
	1990	1991	1992	1993	1994		
<b>Tax year 1990</b>							
	.					2,050	2,050
	.				.	340	680
	.			.		165	330
	.			.	.	265	795
	.		.			160	320
	.		.		.	60	180
	.		.	.		135	405
	.		.	.	.	305	1,220
	.	.				1,280	2,560
	.	.			.	265	795
	.	.		.		135	405
	.	.		.	.	395	1,580
	.	.	.			975	2,925
	.	.	.		.	345	1,380
	.	.	.	.		835	3,340
	.	.	.	.	.	4,405	22,025
<b>Subtotal</b>						<b>12,115</b>	<b>40,990</b>
<b>Tax year 1991</b>							
		.				1,315	1,315
		.			.	185	370
		.		.		175	350
		.		.	.	220	660
		.	.			585	1,170
		.	.		.	160	480
		.	.	.		640	1,920
		.	.	.	.	1,780	7,120
<b>Subtotal</b>						<b>5,060</b>	<b>13,385</b>
<b>Tax year 1992</b>							
			.			1,040	1,040
			.		.	315	630
			.	.		640	1,280
			.	.	.	1,710	5,130
<b>Subtotal</b>						<b>3,705</b>	<b>8,080</b>

(continued)

**Appendix III  
Detailed Data Tables**

Number of taxpayers and claims in thousands

First year claiming the EIC during the 5-year period	Participation pattern					Number of taxpayers	Total number of claims made <sup>a</sup>
	1990	1991	1992	1993	1994		
<b>Tax year 1993</b>							
				•		1,200	1,200
			•		•	2,185	4,370
<b>Subtotal</b>						<b>3,385</b>	<b>5,570</b>
<b>Tax year 1994<sup>b</sup></b>							
					•	6,440	6,440
<b>Total</b>						<b>30,705</b>	<b>74,465</b>

Legend

Bullet (•) indicates an EIC claim. A blank cell indicates no EIC claim.

Note: We did not include standard errors for the data in this table. The small values in some cells are subject to large sampling errors because each sample taxpayer is inflated to represent about 5,000 taxpayers in the total population. The estimate of 60,000 taxpayers in the sixth line, for example, comes from only 12 sample observations. The data from this table yield more accurate estimates when aggregated, as they were for other analyses in this report.

<sup>a</sup>The SOI databases did not include information on some taxpayers, in some years after an EIC claim. During our analysis of IMF transcripts for these taxpayers and tax years, we found that some had made EIC claims. These IMF-based claims are not included in the total number of claims, based only on SOI data, for each tax year as shown in table III.1. The IMF-based claims were used only in analyses of claimants' EIC status in the years following their first SOI-based claim and, thus, are included in this table.

<sup>b</sup>Tax year 1994 total includes 3,410,000 taxpayers who claimed the credit for childless adults and who had not claimed the EIC for families with children in tax years 1990 through 1994.

Source: GAO analysis of SOI and IMF data.

**Appendix III  
Detailed Data Tables**

**Table III.4: Number and Percentage of EIC Claimants Who Did Not Claim the Credit Again, 1 to 4 Consecutive Years After a Claim, by Tax Year**

Number of claimants in thousands

Standard errors in parentheses

Tax year	Total claimants	Number of consecutive years not claiming the EIC again							
		At least 1 year		At least 2 years		At least 3 years		4 years	
		Number of former claimants	Percent	Number of former claimants	Percent	Number of former claimants	Percent	Number of former claimants	Percent
1990	12,115 (192)	3,480 (124)	28.7% (0.9)	2,820 (113)	23.3% (0.9)	2,390 (105)	19.7% (0.8)	2,050 (98)	16.9% (0.8)
1991	13,395 (194)	3,900 (130)	29.1% (0.9)	2,990 (116)	22.3% (0.8)	2,560 (108)	19.1% (0.8)		
1992	13,590 (195)	3,500 (125)	25.8% (0.8)	2,645 (110)	19.5% (0.8)				
1993	14,545 (196)	3,755 (128)	25.8% (0.8)						
<b>Total<sup>a</sup></b>	<b>53,645 (534)</b>	<b>14,635 (214)</b>	<b>27.3% (0.5)</b>	<b>8,455 (175)</b>	<b>21.6% (0.5)</b>	<b>4,950 (144)</b>	<b>19.4% (0.6)</b>	<b>2,050 (98)</b>	<b>16.9% (0.8)</b>

Note: Blank table cells indicate tax years after 1994 that were not included in our analysis.

<sup>a</sup>Percentages are averages based on the following:

- 1 year off—53,645,000 (534,000) claims made in tax years 1990, 1991, 1992 and 1993;
- 2 consecutive years off—39,100,000 (437,000) claims made in tax years 1990, 1991, and 1992;
- 3 consecutive years off—25,510,000 (324,000) claims made in tax years 1990 and 1991; and
- 4 consecutive years off—12,115,000 (192,000) claims made in tax year 1990.

Source: GAO analysis of SOI and IMF data.

**Appendix III  
Detailed Data Tables**

**Table III.5: Number and Percentage of EIC Claimants Who Claimed the Credit for 2 to 5 Consecutive Years, by Tax Year**

Number of claims in thousands

Standard errors in parentheses

Tax year	Total claims	Number of consecutive years claiming the EIC							
		At least 2 years		At least 3 years		At least 4 years		5 years	
		Number of claims	Percent	Number of claims	Percent	Number of claims	Percent	Number of claims	Percent
1990	12,115 (192)	8,635 (176)	71.3% (0.9)	6,560 (161)	54.1% (1.0)	5,240 (147)	43.3% (1.0)	4,405 (137)	36.4% (1.0)
1991	13,395 (194)	9,495 (181)	70.9% (0.9)	7,490 (168)	55.9% (1.0)	6,075 (156)	45.4% (1.0)		
1992	13,590 (195)	10,090 (184)	74.2% (0.8)	7,930 (172)	58.4% (0.9)				
1993	14,545 (196)	10,790 (187)	74.2% (0.8)						
<b>Total<sup>a</sup></b>	<b>53,645 (534)</b>	<b>39,010 (562)</b>	<b>72.7% (0.5)</b>	<b>21,980 (429)</b>	<b>56.2% (0.7)</b>	<b>11,315 (281)</b>	<b>44.4% (0.9)</b>	<b>4,405 (137)</b>	<b>36.4% (1.0)</b>

Note: Blank table cells indicate tax years after 1994 that were not included in our analysis.

<sup>a</sup>Percentages are averages based on the following:

- 2 consecutive years—53,645,000 (534,000) claims made in tax years 1990, 1991, 1992, and 1993;
- 3 consecutive years—39,100,000 (437,000) claims made in tax years 1990, 1991, and 1992;
- 4 consecutive years—25,510,000 (324,000) claims made in tax years 1990 and 1991; and
- 5 consecutive years—12,115,000 (192,000) claims made in tax year 1990.

Source: GAO analysis of SOI and IMF data.

## EIC Claimants' Income in the Years Following a Claim

Tables III.6 to III.20 provide detailed data on the number of EIC claimants and income levels in the years following a claim. Table III.6 shows averages for all claimants across all tax years. Table III.11 shows averages for phase-in range claimants across all tax years, and table III.16 shows averages for phase-out range claimants across all tax years. Each of these tables is followed by four parallel tables showing the supporting data by tax year.

**Appendix III  
Detailed Data Tables**

**Table III.6: Reported Income of EIC Claimants, Averages for 1 to 4 Years After a Claim, Number and Percentage of Claimants by Income Range**

Number of claims in thousands

Standard errors in parentheses

Income range	Number of years after an EIC claim							
	1 year		2 years		3 years		4 years	
	Number of claims	Percent	Number of claims	Percent	Number of claims	Percent	Number of claims	Percent
Claimant did not file a return	4,720 (147)	8.8 (0.3)	5,040 (172)	12.9 (0.4)	4,010 (157)	15.7 (0.6)	2,140 (100)	17.7 (0.8)
AGI negative or missing	135 (27)	0.3 (0.1)	125 (26)	0.3 (0.1)	105 (25)	0.4 (0.1)	45 (15)	0.4 (0.1)
In a lower EIC range	6,205 (177)	11.6 (0.3)	4,790 (171)	12.3 (0.4)	2,965 (131)	11.6 (0.5)	1,265 (78)	10.4 (0.6)
<b>In the same EIC range</b>	<b>29,365 (462)</b>	<b>54.7 (0.6)</b>	<b>17,485 (349)</b>	<b>44.7 (0.7)</b>	<b>10,160 (240)</b>	<b>39.8 (0.8)</b>	<b>4,385 (137)</b>	<b>36.2 (1.0)</b>
In a higher EIC range	8,015 (204)	14.9 (0.3)	6,185 (191)	15.8 (0.4)	4,085 (154)	16.0 (0.6)	2,115 (99)	17.5 (0.8)
EIC limit to 10% over limit	1,645 (91)	3.1 (0.2)	1,390 (87)	3.6 (0.2)	820 (67)	3.2 (0.3)	375 (43)	3.1 (0.4)
10 to 25% over EIC limit	1,375 (82)	2.6 (0.2)	1,340 (87)	3.4 (0.2)	965 (72)	3.8 (0.3)	415 (45)	3.4 (0.4)
25 to 50% over EIC limit	1,010 (70)	1.9 (0.1)	1,130 (78)	2.9 (0.2)	860 (67)	3.4 (0.3)	510 (50)	4.2 (0.4)
50% or more over the EIC limit	1,175 (76)	2.2 (0.1)	1,615 (99)	4.1 (0.3)	1,540 (99)	6.0 (0.4)	865 (65)	7.1 (0.5)
<b>Total</b>	<b>53,645 (534)</b>	<b>100.0%</b>	<b>39,100 (437)</b>	<b>100.0%</b>	<b>25,510 (324)</b>	<b>100.0%</b>	<b>12,115 (192)</b>	<b>100.0%</b>

Note: Percentages may not add to total due to rounding.

Source: GAO analysis of SOI and IMF data.

**Appendix III  
Detailed Data Tables**

**Table III.7: Reported Income of Tax Year 1990 EIC Claimants for Tax Years 1991 Through 1994, Number and Percentage of Claimants by Income Range**

Number of claims in thousands

Standard errors in parentheses

Income range	Tax years							
	1991		1992		1993		1994	
	Number of claims	Percent	Number of claims	Percent	Number of claims	Percent	Number of claims	Percent
Claimant did not file a return	1,050 (71)	8.7 (0.6)	1,620 (88)	13.4 (0.7)	1,910 (95)	15.8 (0.7)	2,140 (100)	17.7 (0.8)
AGI negative or missing	45 (15)	0.4 (0.1)	45 (15)	0.4 (0.1)	50 (16)	0.4 (0.1)	45 (15)	0.4 (0.1)
In a lower EIC range	1,695 (89)	14.0 (0.7)	1,620 (88)	13.4 (0.7)	1,760 (91)	14.5 (0.7)	1,265 (78)	10.4 (0.6)
<b>In the same EIC range</b>	6,630 (161)	54.7 (1.0)	5,460 (150)	45.1 (1.0)	4,770 (142)	39.4 (1.0)	4,385 (137)	36.2 (1.0)
In a higher EIC range	1,515 (85)	12.5 (0.7)	1,610 (87)	13.3 (0.7)	1,635 (88)	13.5 (0.7)	2,115 (99)	17.5 (0.8)
EIC limit to 10% over limit	400 (44)	3.3 (0.4)	515 (50)	4.3 (0.4)	435 (46)	3.6 (0.4)	375 (43)	3.1 (0.4)
10 to 25% over EIC limit	280 (37)	2.3 (0.3)	400 (44)	3.3 (0.4)	470 (48)	3.9 (0.4)	415 (45)	3.4 (0.4)
25 to 50% over EIC limit	225 (33)	1.9 (0.3)	320 (40)	2.6 (0.3)	335 (41)	2.8 (0.3)	510 (50)	4.2 (0.4)
50% or more over the EIC limit	275 (37)	2.3 (0.3)	525 (51)	4.3 (0.4)	750 (60)	6.2 (0.5)	865 (65)	7.1 (0.5)
<b>Total</b>	<b>12,115 (192)</b>	<b>100.0%</b>	<b>12,115 (192)</b>	<b>100.0%</b>	<b>12,115 (192)</b>	<b>100.0%</b>	<b>12,115 (192)</b>	<b>100.0%</b>

Note: Percentages may not add to total due to rounding.

Source: GAO analysis of SOI and IMF data.

**Appendix III  
Detailed Data Tables**

**Table III.8: Reported Income of Tax Year 1991 EIC Claimants for Tax Years 1992 Through 1994, Number and Percentage of Claimants by Income Range**

Number of claims in thousands

Standard errors in parentheses

Income range	Tax years					
	1992		1993		1994	
	Number of claims	Percent	Number of claims	Percent	Number of claims	Percent
Claimant did not file a return	1,170 (75)	8.7 (0.5)	1,655 (88)	12.4 (0.6)	2,100 (99)	15.7 (0.7)
AGI negative or missing	35 (13)	0.3 (0.1)	35 (13)	0.3 (0.1)	55 (17)	0.4 (0.1)
In a lower EIC range	1,585 (87)	11.8 (0.6)	1,845 (93)	13.8 (0.7)	1,205 (76)	9.0 (0.6)
<b>In the same EIC range</b>	<b>7,405</b> <b>(168)</b>	<b>55.3</b> <b>(1.0)</b>	<b>6,010</b> <b>(155)</b>	<b>44.9</b> <b>(1.0)</b>	<b>5,390</b> <b>(149)</b>	<b>40.2</b> <b>(0.9)</b>
In a higher EIC range	1,780 (92)	13.3 (0.7)	1,910 (95)	14.3 (0.7)	2,450 (106)	18.3 (0.7)
EIC limit to 10% over limit	505 (50)	3.8 (0.4)	515 (50)	3.8 (0.4)	385 (44)	2.9 (0.3)
10 to 25% over EIC limit	315 (39)	2.4 (0.3)	465 (48)	3.5 (0.4)	495 (49)	3.7 (0.4)
25 to 50% over EIC limit	260 (36)	1.9 (0.3)	360 (42)	2.7 (0.3)	525 (51)	3.9 (0.4)
50% or more over the EIC limit	340 (41)	2.5 (0.3)	600 (54)	4.5 (0.4)	790 (62)	5.9 (0.5)
<b>Total</b>	<b>13,395</b> <b>(194)</b>	<b>100.0%</b>	<b>13,395</b> <b>(194)</b>	<b>100.0%</b>	<b>13,395</b> <b>(194)</b>	<b>100.0%</b>

Note: Percentages may not add to total due to rounding.

Source: GAO analysis of SOI and IMF data.

**Appendix III  
Detailed Data Tables**

**Table III.9: Reported Income of Tax Year 1992 EIC Claimants for Tax Years 1993 and 1994, Number and Percentage of Claimants by Income Range**

Number of claims in thousands

Standard errors in parentheses

Income range	Tax years			
	1993		1994	
	Number of claims	Percent	Number of claims	Percent
Claimant did not file a return	1,150 (74)	8.5 (0.5)	1,765 (91)	13.0 (0.6)
AGI negative or missing	30 (12)	0.2 (0.1)	45 (15)	0.3 (0.1)
In a lower EIC range	1,710 (90)	12.6 (0.6)	1,325 (80)	9.7 (0.6)
<b>In the same EIC range</b>	<b>7,535 (169)</b>	<b>55.4 (1.0)</b>	<b>6,015 (156)</b>	<b>44.3 (1.0)</b>
In a higher EIC range	1,830 (93)	13.5 (0.7)	2,665 (110)	19.6 (0.8)
EIC limit to 10% over limit	400 (44)	2.9 (0.3)	360 (42)	2.6 (0.3)
10 to 25% over EIC limit	425 (46)	3.1 (0.3)	475 (48)	3.5 (0.4)
25 to 50% over EIC limit	250 (35)	1.8 (0.3)	450 (47)	3.3 (0.3)
50% or more over the EIC limit	260 (36)	1.9 (0.3)	490 (49)	3.6 (0.4)
<b>Total</b>	<b>13,590 (195)</b>	<b>100.0%</b>	<b>13,590 (195)</b>	<b>100.0%</b>

Note: Percentages do not add to total due to rounding.

Source: GAO analysis of SOI and IMF data.



**Appendix III  
Detailed Data Tables**

**Table III.10: Reported Income of Tax Year 1993 EIC Claimants for Tax Year 1994, Number and Percentage of Claimants by Income Range**

Number of claims in thousands  
Standard errors in parentheses

Income range	Tax year 1994	
	Number of claims	Percent
Claimant did not file a return	1,350 (80)	9.3 (0.5)
AGI negative or missing	25 (11)	0.2 (0.1)
In a lower EIC range	1,215 (76)	8.4 (0.5)
<b>In the same EIC range</b>	<b>7,795</b> <b>(171)</b>	<b>53.6</b> <b>(0.9)</b>
In a higher EIC range	2,890 (114)	19.9 (0.7)
EIC limit to 10% over limit	340 (41)	2.3 (0.3)
10 to 25% over EIC limit	355 (42)	2.4 (0.3)
25 to 50% over EIC limit	275 (37)	1.9 (0.3)
50% or more over the EIC limit	300 (39)	2.1 (0.3)
<b>Total</b>	<b>14,545</b> <b>(196)</b>	<b>100.0%</b>

Note: Percentages do not add to total due to rounding.

Source: GAO analysis of SOI and IMF data.

**Appendix III  
Detailed Data Tables**

**Table III.11: Reported Income of EIC Phase-in Range Claimants, Averages for 1 to 4 Years After a Claim, Number and Percentage of Claimants by Income Range**

Number of claims in thousands

Standard errors in parentheses

Income range	Number of years after an EIC claim							
	1 year		2 years		3 years		4 years	
	Number of claims	Percent	Number of claims	Percent	Number of claims	Percent	Number of claims	Percent
Claimant did not file a return	2,880 (118)	19.0 (0.7)	2,510 (120)	23.4 (1.0)	1,835 (103)	26.7 (1.3)	885 (66)	27.9 (1.8)
AGI negative or missing	70 (19)	0.5 (0.1)	40 (16)	0.4 (0.1)	40 (16)	0.6 (0.2)	25 (11)	0.8 (0.4)
<b>EIC phase-in range</b>	<b>7,150</b> <b>(259)</b>	<b>47.1</b> <b>(1.0)</b>	<b>3,875</b> <b>(177)</b>	<b>36.1</b> <b>(1.2)</b>	<b>2,120</b> <b>(115)</b>	<b>30.8</b> <b>(1.4)</b>	<b>810</b> <b>(63)</b>	<b>25.5</b> <b>(1.7)</b>
EIC plateau range	2,675 (115)	17.6 (0.7)	1,770 (98)	16.5 (0.8)	960 (71)	14.0 (0.9)	360 (42)	11.3 (1.3)
EIC phase-out range	1,995 (98)	13.1 (0.6)	1,965 (101)	18.3 (0.9)	1,440 (87)	20.9 (1.1)	815 (63)	25.7 (1.7)
EIC limit to 10% over limit	115 (24)	0.8 (0.2)	100 (22)	0.9 (0.2)	40 (14)	0.6 (0.2)	35 (13)	1.1 (0.4)
10 to 25% over EIC limit	70 (19)	0.5 (0.1)	125 (27)	1.2 (0.2)	85 (22)	1.2 (0.3)	35 (13)	1.1 (0.4)
25 to 50% over EIC limit	80 (20)	0.5 (0.1)	155 (28)	1.4 (0.3)	110 (23)	1.6 (0.3)	60 (17)	1.9 (0.5)
50% or more over the EIC limit	160 (28)	1.1 (0.2)	205 (34)	1.9 (0.3)	245 (37)	3.6 (0.5)	150 (27)	4.7 (0.8)
<b>Total</b>	<b>15,195</b> <b>(337)</b>	<b>100.0%</b>	<b>10,745</b> <b>(269)</b>	<b>100.0%</b>	<b>6,875</b> <b>(199)</b>	<b>100.0%</b>	<b>3,175</b> <b>(119)</b>	<b>100.0%</b>

Note: Percentages may not add to total due to rounding.

Source: GAO analysis of SOI and IMF data.

**Appendix III  
Detailed Data Tables**

**Table III.12: Reported Income of Tax Year 1990 EIC Phase-in Range Claimants, for Tax Years 1991 Through 1994, Number and Percentage of Claimants by Income Range**

Number of claims in thousands

Standard errors in parentheses

Income range	Tax years							
	1991		1992		1993		1994	
	Number of claimants	Percent	Number of claimants	Percent	Number of claimants	Percent	Number of claimants	Percent
Claimant did not file a return	635 (56)	20.0 (1.6)	775 (61)	24.4 (1.7)	865 (65)	27.2 (1.8)	885 (66)	27.9 (1.8)
AGI negative or missing	30 (12)	0.9 (0.4)	20 (10)	0.6 (0.3)	20 (10)	0.6 (0.3)	25 (11)	0.8 (0.4)
<b>EIC phase-in range</b>	<b>1,495 (84)</b>	<b>47.1 (2.0)</b>	<b>1,160 (75)</b>	<b>36.5 (1.9)</b>	<b>1,060 (72)</b>	<b>33.4 (1.9)</b>	<b>810 (63)</b>	<b>25.5 (1.7)</b>
EIC plateau range	570 (53)	18.0 (1.5)	565 (53)	17.8 (1.5)	485 (49)	15.3 (1.4)	360 (42)	11.3 (1.3)
EIC phase-out range	360 (42)	11.3 (1.3)	475 (48)	15.0 (1.4)	535 (51)	16.9 (1.5)	815 (63)	25.7 (1.7)
EIC limit to 10% over limit	25 (11)	0.8 (0.4)	35 (13)	1.1 (0.4)	25 (11)	0.8 (0.4)	35 (13)	1.1 (0.4)
10 to 25% over EIC limit	15 (9)	0.5 (0.3)	40 (14)	1.3 (0.4)	20 (10)	0.6 (0.3)	35 (13)	1.1 (0.4)
25 to 50% over EIC limit	25 (11)	0.8 (0.4)	35 (13)	1.1 (0.4)	25 (11)	0.8 (0.4)	60 (17)	1.9 (0.5)
50% or more over the EIC limit	20 (10)	0.6 (0.3)	70 (19)	2.2 (0.6)	140 (26)	4.4 (0.8)	150 (27)	4.7 (0.8)
<b>Total</b>	<b>3,175 (119)</b>	<b>100.0%</b>	<b>3,175 (119)</b>	<b>100.0%</b>	<b>3,175 (119)</b>	<b>100.0%</b>	<b>3,175 (119)</b>	<b>100.0%</b>

Source: GAO analysis of SOI and IMF data.

**Appendix III  
Detailed Data Tables**

**Table III.13: Reported Income of Tax Year 1991 EIC Phase-in Range Claimants for Tax Years 1992 Through 1994, Number and Percentage of Claimants by Income Range**

Number of claims in thousands

Standard errors in parentheses

Income range	Tax years					
	1992		1993		1994	
	Number of claimants	Percent	Number of claimants	Percent	Number of claimants	Percent
Claimant did not file a return	695 (58)	18.8 (1.4)	850 (64)	23.0 (1.5)	970 (69)	26.2 (1.6)
AGI negative or missing	15 (9)	0.4 (0.2)	10 (7)	0.3 (0.2)	20 (10)	0.5 (0.3)
<b>EIC phase-in range</b>	<b>1,725 (90)</b>	<b>46.6 (1.8)</b>	<b>1,425 (82)</b>	<b>38.5 (1.8)</b>	<b>1060 (72)</b>	<b>28.6 (1.7)</b>
EIC plateau range	700 (58)	18.9 (1.4)	645 (56)	17.4 (1.4)	475 (48)	12.8 (1.2)
EIC phase-out range	450 (47)	12.2 (1.2)	590 (54)	15.9 (1.3)	905 (66)	24.5 (1.6)
EIC limit to 10% over limit	25 (11)	0.7 (0.3)	20 (10)	0.5 (0.3)	15 (9)	0.4 (0.2)
10 to 25% over EIC limit	25 (11)	0.7 (0.3)	40 (14)	1.1 (0.4)	65 (18)	1.8 (0.5)
25 to 50% over EIC limit	15 (9)	0.4 (0.2)	55 (17)	1.5 (0.4)	85 (21)	2.3 (0.6)
50% or more over the EIC limit	50 (16)	1.4 (0.4)	65 (18)	1.8 (0.5)	105 (23)	2.8 (0.6)
<b>Total</b>	<b>3,700 (128)</b>	<b>100.0%</b>	<b>3,700 (128)</b>	<b>100.0%</b>	<b>3,700 (128)</b>	<b>100.0%</b>

Note: Percentages may not add to total due to rounding.

Source: GAO analysis of SOI and IMF data.

**Appendix III  
Detailed Data Tables**

**Table III.14: Reported Income of Tax Year 1992 EIC Phase-in Range Claimants for Tax Years 1993 and 1994, Number and Percentage of Claimants by Income Range**

Number of claims in thousands

Standard errors in parentheses

Income range	Tax year			
	1993		1994	
	Number of claims	Percent	Number of claims	Percent
Claimant did not file a return	700 (58)	18.1 (1.4)	885 (66)	22.9 (1.5)
AGI negative or missing	15 (9)	0.4 (0.2)	10 (7)	0.3 (0.2)
<b>EIC phase-in range</b>	<b>1,940</b> (95)	<b>50.1</b> (1.8)	<b>1,290</b> (79)	<b>33.3</b> (1.7)
EIC plateau range	695 (58)	18.0 (1.4)	560 (52)	14.5 (1.3)
EIC phase-out range	420 (46)	10.9 (1.1)	900 (66)	23.3 (1.5)
EIC limit to 10% over limit	25 (11)	0.6 (0.3)	45 (15)	1.2 (0.4)
10 to 25% over EIC limit	20 (10)	0.5 (0.3)	45 (15)	1.2 (0.4)
25 to 50% over EIC limit	15 (9)	0.4 (0.2)	65 (18)	1.7 (0.5)
50% or more over the EIC limit	40 (14)	1.0 (0.4)	70 (19)	1.8 (0.5)
<b>Total</b>	<b>3,870</b> <b>(130)</b>	<b>100.0%</b>	<b>3,870</b> <b>(130)</b>	<b>100.0%</b>

Note: Percentages may not add to total due to rounding.

Source: GAO analysis of SOI and IMF data.

**Appendix III  
Detailed Data Tables**

**Table III.15: Reported Income of Tax Year 1993 EIC Phase-in Range Claimants for Tax Year 1994, Number and Percentage of Claimants by Income Range**

Number of claims in thousands  
Standard errors in parentheses

Income range	Tax year 1994	
	Number of claims	Percent
Claimant did not file a return	850 (64)	19.1 (1.3)
AGI negative or missing	10 (7)	0.2 (0.2)
<b>EIC phase-in range</b>	<b>1,990</b> <b>(96)</b>	<b>44.7</b> <b>(1.7)</b>
EIC plateau range	710 (59)	16.0 (1.2)
EIC phase-out range	765 (61)	17.2 (1.3)
EIC limit to 10% over limit	40 (14)	0.9 (0.3)
10 to 25% over EIC limit	10 (7)	0.2 (0.2)
25 to 50% over EIC limit	25 (11)	0.6 (0.3)
50% or more over the EIC limit	50 (16)	1.1 (0.4)
<b>Total</b>	<b>4,450</b> <b>(138)</b>	<b>100.0%</b>

Source: GAO analysis of SOI and IMF data.

**Appendix III  
Detailed Data Tables**

**Table III.16: Reported Income for EIC Phase-Out Range Claimants, Averages for 1 to 4 Years After a Claim, Number and Percentage of Claimants by Income Range**

Number of claims in thousands

Standard errors in parentheses

Income range	Number of years after an EIC claim							
	1 year		2 years		3 years		4 years	
	Number of claims	Percent	Number of claims	Percent	Number of claims	Percent	Number of claims	Percent
Claimant did not file a return	935 (68)	3.4 (0.2)	1,455 (90)	7.1 (0.4)	1,310 (88)	9.7 (0.6)	780 (62)	12.0 (0.9)
AGI negative or missing	45 (17)	0.2 (0.1)	40 (14)	0.2 (0.1)	55 (17)	0.4 (0.1)	20 (10)	0.3 (0.2)
EIC phase-in range	1,845 (95)	6.7 (0.3)	1,665 (96)	8.2 (0.5)	1,165 (81)	8.6 (0.6)	580 (53)	8.9 (0.8)
EIC plateau range	2,125 (102)	7.8 (0.4)	1,590 (94)	7.8 (0.4)	925 (70)	6.8 (0.5)	315 (39)	4.8 (0.6)
<b>EIC phase-out range</b>	<b>18,130 (415)</b>	<b>66.1 (0.7)</b>	<b>11,335 (308)</b>	<b>55.6 (0.9)</b>	<b>6,880 (210)</b>	<b>50.8 (1.1)</b>	<b>3,190 (120)</b>	<b>49.1 (1.4)</b>
EIC limit to 10% over limit	1,430 (85)	5.2 (0.3)	1,190 (81)	5.8 (0.4)	705 (62)	5.2 (0.4)	300 (39)	4.6 (0.6)
10 to 25% over EIC limit	1,200 (77)	4.4 (0.3)	1,100 (78)	5.4 (0.4)	735 (62)	5.4 (0.4)	335 (41)	5.2 (0.6)
25 to 50% over EIC limit	850 (64)	3.1 (0.2)	860 (68)	4.2 (0.3)	700 (60)	5.2 (0.4)	395 (44)	6.1 (0.7)
50% or more over the EIC limit	855 (64)	3.1 (0.2)	1,150 (82)	5.6 (0.4)	1,065 (81)	7.9 (0.6)	580 (53)	8.9 (0.8)
<b>Total</b>	<b>27,415 (457)</b>	<b>100.0%</b>	<b>20,385 (369)</b>	<b>100.0%</b>	<b>13,540 (271)</b>	<b>100.0%</b>	<b>6,495 (160)</b>	<b>100.0%</b>

Note: Percentages may not add to total due to rounding.

Source: GAO analysis of SOI and IMF data.

**Appendix III  
Detailed Data Tables**

**Table III.17: Reported Income of Tax Year 1990 EIC Phase-Out Range Claimants for Tax Years 1991 Through 1994, Number and Percentage of Claimants by Income Range**

Number of claims in thousands

Standard errors in parentheses

Income range	Tax years							
	1991		1992		1993		1994	
	Number of claims	Percent	Number of claims	Percent	Number of claims	Percent	Number of claims	Percent
Claimant did not file a return	205 (32)	3.2 (0.5)	495 (49)	7.6 (0.7)	640 (56)	9.9 (0.8)	780 (62)	12.0 (0.9)
AGI negative or missing	5 (5)	0.1 (0.1)	5 (5)	0.1 (0.1)	25 (11)	0.4 (0.2)	20 (10)	0.3 (0.2)
EIC phase-in range	510 (50)	7.9 (0.7)	575 (53)	8.9 (0.8)	670 (57)	10.3 (0.8)	580 (53)	8.9 (0.8)
EIC plateau range	625 (55)	9.6 (0.8)	590 (54)	9.1 (0.8)	605 (54)	9.3 (0.8)	315 (39)	4.8 (0.6)
<b>EIC phase-out range</b>	<b>4,175 (134)</b>	<b>64.3 (1.3)</b>	<b>3,465 (124)</b>	<b>53.3 (1.4)</b>	<b>3,025 (117)</b>	<b>46.6 (1.4)</b>	<b>3,190 (120)</b>	<b>49.1 (1.4)</b>
EIC limit to 10% over limit	350 (42)	5.4 (0.6)	435 (46)	6.7 (0.7)	365 (42)	5.6 (0.6)	300 (39)	4.6 (0.6)
10 to 25% over EIC limit	250 (35)	3.8 (0.5)	330 (40)	5.1 (0.6)	390 (44)	6.0 (0.7)	335 (41)	5.2 (0.6)
25 to 50% over EIC limit	180 (30)	2.8 (0.5)	255 (36)	3.9 (0.5)	295 (38)	4.5 (0.6)	395 (44)	6.1 (0.7)
50% or more over the EIC limit	195 (31)	3.0 (0.5)	345 (41)	5.3 (0.6)	480 (49)	7.4 (0.7)	580 (53)	8.9 (0.8)
<b>Total</b>	<b>6,495 (160)</b>	<b>100.0%</b>	<b>6,495 (160)</b>	<b>100.0%</b>	<b>6,495 (160)</b>	<b>100.0%</b>	<b>6,495 (160)</b>	<b>100.0%</b>

Note: Percentages may not add to total due to rounding.

Source: GAO analysis of SOI and IMF data.



**Appendix III  
Detailed Data Tables**

**Table III.18: Reported Income of Tax Year 1991 EIC Phase-Out Range Claimants for Tax Years 1992 Through 1994, Number and Percentage of Claimants by Income Range**

Number of claims in thousands

Standard errors in parentheses

Income range	Tax years					
	1992		1993		1994	
	Number of claims	Percent	Number of claims	Percent	Number of claims	Percent
Claimant did not file a return	255 (36)	3.6 (0.5)	485 (49)	6.9 (0.7)	670 (57)	9.5 (0.8)
AGI negative or missing	20 (10)	0.3 (0.1)	10 (7)	0.1 (0.1)	30 (12)	0.4 (0.2)
EIC phase-in range	480 (49)	6.8 (0.7)	590 (54)	8.4 (0.7)	495 (49)	7.0 (0.7)
EIC plateau range	635 (56)	9.0 (0.8)	675 (57)	9.6 (0.8)	320 (40)	4.5 (0.6)
<b>EIC phase-out range</b>	<b>4,470</b> <b>(138)</b>	<b>63.4</b> <b>(1.3)</b>	<b>3,720</b> <b>(128)</b>	<b>52.8</b> <b>(1.3)</b>	<b>3,855</b> <b>(130)</b>	<b>54.7</b> <b>(1.3)</b>
EIC limit to 10% over limit	470 (48)	6.7 (0.7)	465 (48)	6.6 (0.7)	340 (41)	4.8 (0.6)
10 to 25% over EIC limit	260 (36)	3.7 (0.5)	375 (43)	5.3 (0.6)	345 (41)	4.9 (0.6)
25 to 50% over EIC limit	215 (33)	3.1 (0.5)	265 (36)	3.8 (0.5)	405 (45)	5.7 (0.6)
50% or more over the EIC limit	240 (35)	3.4 (0.5)	460 (48)	6.5 (0.7)	585 (54)	8.3 (0.7)
<b>Total</b>	<b>7,045</b> <b>(165)</b>	<b>100.0%</b>	<b>7,045</b> <b>(165)</b>	<b>100.0%</b>	<b>7,045</b> <b>(165)</b>	<b>100.0%</b>

Note: Percentages may not add to total due to rounding.

Source: GAO analysis of SOI and IMF data.

**Appendix III  
Detailed Data Tables**

**Table III.19: Reported Income of Tax Year 1992 EIC Phase-Out Range Claimants for Tax Years 1993 and 1994, Number and Percentage of Claimants by Income Range**

Number of claims in thousands

Standard errors in parentheses

Income range	Tax years			
	1993		1994	
	Number of claims	Percent	Number of claims	Percent
Claimant did not file a return	215 (33)	3.1 (0.5)	475 (48)	6.9 (0.7)
AGI negative or missing	10 (7)	0.1 (0.1)	25 (11)	0.4 (0.2)
EIC phase-in range	460 (48)	6.7 (0.7)	500 (50)	7.3 (0.7)
EIC plateau range	595 (54)	8.7 (0.8)	325 (40)	4.7 (0.6)
<b>EIC phase-out range</b>	<b>4,445</b> <b>(138)</b>	<b>64.9</b> <b>(1.3)</b>	<b>4,150</b> <b>(134)</b>	<b>60.6</b> <b>(1.3)</b>
EIC limit to 10% over limit	340 (41)	5.0 (0.6)	290 (38)	4.2 (0.5)
10 to 25% over EIC limit	355 (42)	5.2 (0.6)	395 (44)	5.8 (0.6)
25 to 50% over EIC limit	220 (33)	3.2 (0.5)	340 (41)	5.0 (0.6)
50% or more over the EIC limit	205 (32)	3.0 (0.5)	345 (41)	5.0 (0.6)
<b>Total</b>	<b>6,845</b> <b>(163)</b>	<b>100.0%</b>	<b>6,845</b> <b>(163)</b>	<b>100.0%</b>

Note: Percentages do not add to total due to rounding.

Source: GAO analysis of SOI and IMF data.

**Table III.20: Reported Income of Tax Year 1993 EIC Phase-Out Range Claimants for Tax Year 1994, Number and Percentage of Claimants by Income Range**

Number of claims in thousands  
Standard errors in parentheses

Income range	Tax year 1994	
	Number of claims	Percent
Claimant did not file a return	260 (36)	3.7 (0.5)
AGI negative or missing	10 (7)	0.1 (0.1)
EIC phase-in range	395 (44)	5.6 (0.6)
EIC plateau range	270 (37)	3.8 (0.5)
<b>EIC phase-out range</b>	<b>5,040</b> <b>(145)</b>	<b>71.7</b> <b>(1.2)</b>
EIC limit to 10% over limit	270 (37)	3.8 (0.5)
10 to 25% over EIC limit	335 (41)	4.8 (0.6)
25 to 50% over EIC limit	235 (34)	3.3 (0.5)
50% or more over the EIC limit	215 (33)	3.1 (0.5)
<b>Total</b>	<b>7,030</b> <b>(165)</b>	<b>100.0%</b>

Note: Percentages do not add to total due to rounding.

Source: GAO analysis of SOI and IMF data.

## Taxpayers Who Stopped Claiming the EIC

Tables III.21 to III.23 provide data on taxpayers who at some point stopped claiming the EIC. Table III.21 provides averages of the proportion of taxpayers who stopped claiming the EIC and filed a return, by income range, along with the proportion who stopped claiming the credit and did not file a return in the year off the EIC. Table III.22 provides additional data on changes in filing status for those who filed a return in the year off the EIC. Table III.23 includes specifics on the type of filing status change, by income range.

**Appendix III  
Detailed Data Tables**

**Table III.21: EIC Claimants' Reported Income in the First and Second Consecutive Years Off the Credit, Averages for Tax Years 1991 Through 1994, Number and Percentage of Departures by Income Range**

Number of departures from the EIC in thousands

Standard errors in parentheses

Income range	First year off the EIC		Second consecutive year off the EIC	
	Number of departures	Percent	Number of departures	Percent
AGI negative or missing	135 (27)	0.9 (0.2)	75 (19)	0.9 (0.2)
In the EIC range	4,575 (143)	31.3 (0.9)	2,160 (100)	25.5 (1.1)
Up to 10% over the EIC limit	1,645 (91)	11.2 (0.6)	620 (55)	7.3 (0.6)
10 to 25% over the EIC limit	1,375 (82)	9.4 (0.5)	750 (60)	8.9 (0.7)
25 to 50% over the EIC limit	1,010 (70)	6.9 (0.5)	755 (61)	8.9 (0.7)
50% or more over the EIC limit	1,175 (76)	8.0 (0.5)	1,155 (75)	13.7 (0.8)
Did not file a return	4,720 (147)	32.3 (0.9)	2,940 (115)	34.8 (1.2)
<b>Total Departures<sup>a</sup></b>	<b>14,635 (214)</b>	<b>100.0%</b>	<b>8,455 (175)</b>	<b>100.0%</b>

<sup>a</sup>Of the 14,635,000 departures from the credit 1 year after a claim, 3,480,000 were from tax year 1990 to 1991, 3,900,000 were from tax year 1991 to 1992, 3,500,000 were from tax year 1992 to 1993 and 3,755,000 were from tax year 1993 to 1994. Of the 8,455,000 2-consecutive year departures from the EIC, 2,820,000 were from tax year 1990 to 1992, 2,990,000 were from tax year 1991 to 1993 and 2,645,000 were from tax year 1992 to 1994.

Source: GAO analysis of SOI and IMF data

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**Appendix III  
Detailed Data Tables**

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**Appendix III  
Detailed Data Tables**

**Table III.22: EIC Claimants Reporting the Same or Different Filing Status in the First and Second Consecutive Years Off the Credit, by Income Range, Averages for Tax Year 1991 Through 1994 Departures From the Credit**

Number of claims in thousands

Standard errors in parentheses

Income range	First year off the EIC					
	Reported the same filing status		Reported a different filing status		Total	
	Number of departures	Percent	Number of departures	Percent	Number of departures	Percent
AGI negative or missing	120 (25)	1.2 (0.3)	15 (9)	0.2 (0.1)	<b>135</b> <b>(27)</b>	<b>1.4</b> <b>(0.3)</b>
In the EIC range	2,165 (102)	21.8 (0.9)	2,410 (106)	24.3 (1.0)	<b>4,575</b> <b>(143)</b>	<b>46.1</b> <b>(1.1)</b>
Up to 10% over the EIC limit	1,345 (83)	13.6 (0.8)	300 (39)	3.0 (0.4)	<b>1,645</b> <b>(91)</b>	<b>16.6</b> <b>(0.8)</b>
10 to 25% over the EIC limit	1,165 (76)	11.7 (0.7)	210 (32)	2.1 (0.3)	<b>1,375</b> <b>(82)</b>	<b>13.9</b> <b>(0.8)</b>
25 to 50% over the EIC limit	780 (62)	7.9 (0.6)	230 (34)	2.3 (0.3)	<b>1,010</b> <b>(70)</b>	<b>10.2</b> <b>(0.7)</b>
50% or more over the EIC limit	585 (54)	5.9 (0.5)	590 (54)	6.0 (0.5)	<b>1,175</b> <b>(76)</b>	<b>11.9</b> <b>(0.7)</b>
<b>Total</b>	<b>6,160</b> <b>(167)</b>	<b>62.1%</b> <b>(1.1)</b>	<b>3,755</b> <b>(130)</b>	<b>37.9%</b> <b>(1.1)</b>	<b>9,915</b> <b>(195)</b>	<b>100.0%</b>

**Appendix III  
Detailed Data Tables**

Second consecutive year off the EIC					
Reported the same filing status		Reported a different filing status		Total	
Number of departures	Percent	Number of departures	Percent	Number of departures	Percent
60 (17)	1.1 (0.3)	15 (9)	0.3 (0.2)	<b>75</b> <b>(19)</b>	<b>1.4</b> <b>(0.3)</b>
850 (64)	15.4 (1.1)	1,310 (79)	23.8 (1.3)	<b>2,160</b> <b>(100)</b>	<b>39.2</b> <b>(1.5)</b>
485 (49)	8.8 (0.9)	135 (26)	2.4 (0.5)	<b>620</b> <b>(55)</b>	<b>11.2</b> <b>(1.0)</b>
625 (55)	11.3 (1.0)	125 (25)	2.3 (0.4)	<b>750</b> <b>(60)</b>	<b>13.6</b> <b>(1.0)</b>
510 (50)	9.2 (0.9)	245 (35)	4.4 (0.6)	<b>755</b> <b>(61)</b>	<b>13.7</b> <b>(1.0)</b>
645 (56)	11.7 (1.0)	510 (50)	9.2 (0.9)	<b>1,155</b> <b>(75)</b>	<b>20.9</b> <b>(1.2)</b>
<b>3,175</b> <b>(119)</b>	<b>57.6%</b> <b>(1.5)</b>	<b>2,340</b> <b>(104)</b>	<b>42.4%</b> <b>(1.5)</b>	<b>5,515</b> <b>(150)</b>	<b>100.0%</b>

Source: GAO analysis of SOI and IMF data.

**Appendix III  
Detailed Data Tables**

**Table III.23: Type of Filing Status Change From the Year of an EIC Claim to the First Year Off the EIC, by Income Range, Averages for Tax Years 1990 Through 1994**

Number of taxpayers in thousands  
Standard errors in parentheses

AGI reported in the first year off the EIC	Filing status in the year of the EIC claim	Single	
		Number of claims	Percent
Below the EIC limit	Head of household	1,585 (87)	65.4 (2.2)
	Married filing jointly	190 (31)	7.8 (1.2)
	Single		
	Qualified widow(er)	15 (9)	0.6 (0.4)
	Total	1,790 (92)	73.8 (2.0)
Above the EIC limit	Head of household	210 (32)	15.8 (2.2)
	Married filing jointly	10 (7)	0.8 (0.5)
	Single		
	Qualified widow(er)	0	0.0
	Total	220 (33)	16.5 (2.3)
All claims with a filing status change	Head of household	1,795 (92)	47.8 (1.8)
	Married filing jointly	200 (32)	5.3 (0.8)
	Single		
	Qualified widow(er)	15 (9)	0.4 (0.2)
	Total	2,010 (97)	53.5 (1.8)



**Appendix III  
Detailed Data Tables**

Filing status the first year off the EIC							
Married filing jointly		Married filing separately		Head of household		Total	
Number of claims	Percent	Number of claims	Percent	Number of claims	Percent	Number of claims	Percent
165 (29)	6.8 (1.1)	165 (29)	6.8 (1.1)			1,915 (95)	79.0 (1.9)
		215 (33)	8.9 (1.3)	35 (13)	1.4 (0.5)	440 (47)	18.1 (1.8)
15 (9)	0.6 (0.4)	5 (5)	0.2 (0.2)	20 (10)	0.8 (0.4)	40 (14)	1.6 (0.6)
0	0.0	0	0.0	15 (9)	0.6 (0.4)	30 (12)	1.2 (0.5)
180 (30)	7.4 (1.2)	385 (44)	15.9 (1.7)	70 (19)	2.9 (0.8)	2,425 (107)	100.0%
960 (69)	72.2 (2.7)	25 (11)	1.9 (0.8)			1,195 (76)	89.8 (1.9)
		10 (7)	0.8 (0.5)	20 (10)	1.5 (0.7)	40 (14)	3.0 (1.0)
70 (19)	5.3 (1.4)	0	0.0	20 (10)	1.5 (0.7)	90 (21)	6.8 (1.5)
0	0.0	0	0.0	5 (5)	0.4 (0.4)	5 (5)	0.4 (0.4)
1,030 (71)	77.4 (2.6)	35 (13)	2.6 (1.0)	45 (15)	3.4 (1.1)	1,330 (80)	100.0%
1,125 (74)	30.0 (1.7)	190 (31)	5.1 (0.8)			3,110 (119)	82.8 (1.4)
		225 (34)	6.0 (0.9)	55 (17)	1.5 (0.4)	480 (49)	12.8 (1.2)
85 (21)	2.3 (0.5)	5 (5)	0.1 (0.1)	40 (14)	1.1 (0.4)	130 (25)	3.5 (0.7)
0	0.0	0	0.0	20 (10)	0.5 (0.3)	35 (13)	0.9 (0.4)
1,210 (77)	32.2 (1.7)	420 (46)	11.2 (1.2)	115 (24)	3.1 (0.6)	3,755 (130)	100.0%

Note: Percentages may not add to total due to rounding.

Source: GAO analysis of SOI and IMF data.

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**Appendix IV**  
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Earned Income Credit: Noncompliance and Potential Eligibility Revisions ([GAO/T-GGD-95-179](#), June 8, 1995).

Earned Income Credit: Targeting to the Working Poor ([GAO/GGD-95-122BR](#), Mar. 31, 1995).

Earned Income Credit: Targeting to the Working Poor ([GAO/T-GGD-95-136](#), Apr. 4, 1995).

Tax Administration: Earned Income Credit—Data on Noncompliance and Illegal Alien Recipients ([GAO/GGD-95-27](#), Oct. 25, 1994).

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